

John 10/5/78

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# FINANCIAL TIMES

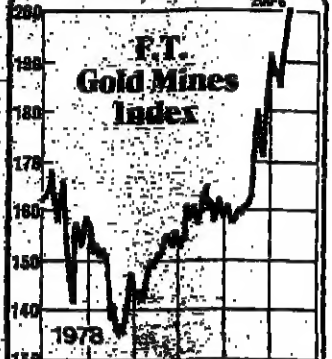
No. 27,633 Thursday August 10 1978 \*\*\*15p

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## NEWS SUMMARY

**GENERAL**  
**Israelis discuss peace summit**  
The Israeli cabinet meets today in a special session to reassess Israel's negotiating position for next month's tripartite Middle East summit at Camp David with U.S. President Jimmy Carter and Egyptian President Anwar Sadat.

**BUSINESS**  
**Equities up 9.2; Golds in demand**  
EQUITIES resumed their recent strong upward movement, and the F.T. Ordinary index closed 9.2 up at 116.2. Gold mining shares were in demand.



**Docks standstill**  
Clyde naval bases were at a standstill after 200 dockers were suspended without pay for continuing to back the Polish submarine HMS Resolution in support of a pay claim.

**Rift denied**  
Sergei Kuzov, the Russian husband of Greek shipping heiress Christina Ouzas, dismissed reports that she had abandoned him and said his bride would return to Moscow soon.

**Salmon theory**  
Health experts believe that the tin of salmon which poisoned four Birmingham pensioners may have been the only contaminated tin. The four are still critically ill.

**Forgery trial**  
The jury in the Alder letter forgery trial at the Old Bailey will be sent out today to consider their verdict. Judge Alan King-Hamilton told them yesterday that he would complete his summing up then.

**Vaccine probe**  
Mr. Jack Ashley, MP, has called for an independent inquiry into the use of whooping cough vaccine, following the death of a 10-month-old child.

**Climbers killed**  
Two climbers died of exposure and 18 others were missing after a freak blizzard hit the French Alps. Swiss mountaineers Jean Hugi, 70, died of exhaustion near the Matterhorn summit.

**Abduction claim**  
Black Transvaal government Minister Mphahlele said that Patriotic Front leader Joshua Nkomo had abducted up to 50,000 children from Rhodesia for his guerrilla army.

**Troops at airport**  
Troops in armoured cars and tanks moved into Heathrow yesterday. Scotland Yard described the military presence as a precaution against terrorism.

**Briefly**  
Two-week-old test tube baby Louise Brown has received a marriage proposal from a man in Saudi Arabia.

**Water railings**  
Water railings have been imposed in Tokyo, where temperatures have been at about 30°C for six weeks.

**General**  
Hundred Red villas and camp sites on France's Cote d'Azur are being burned by strong winds spread along the coastline.

**Water court**  
Water court has banned further showings in the Province of the film 'Saturday Night Fever'.

## GEC venture will start UK output of micro-circuits

BY JOHN LLOYD

The first mass production of micro-processors and advanced micro-computer memories in Europe will begin in the U.K., possibly by the end of next year. The venture will be a joint one, between the General Electric Company and the U.S. electronic company of Fairchild.

Talks between the two companies have been going on for some months, and an announcement was expected. However, the lead time is surprisingly short, and will mean that GEC-Fairchild will be in the market well before INMOS, the company which has a £50m backing from the National Enterprise Board and which will manufacture broadly similar products. The initial capital required for the project will be about £20m, with both companies providing roughly equal amounts. Around 1,000 jobs will be created in a new plant, though no site has yet been chosen. Establishment of the plant means that the UK follows the US and Japan into volume production of micro-processors and micro-computer memories. Coupled with the NEB scheme, the project could put the UK in the lead among European countries in the new technology. The companies hope for an annual production worth between £35m and £40m. They will manufacture a range of micro-processors, and a micro-computer memory known as the 16K RAM (random access memory), currently the most advanced memory chip in GEC with Fairchild's experience of volume chip production.

Mr. Robert Clayton, GEC's technical director, said that the company would keep its options open on the production of the 64K RAM, the next generation of micro-computer memory, developed and manufactured in which INMOS intends to produce by the early 1980s.

The joint venture will have a certain amount of Government backing, under the £70m scheme announced last month to support companies which plan to develop and manufacture micro-electronic devices. GEC has already had talks with Mr. Eric Varley, the Industry Secretary, but no sum has been agreed.

GEC Semiconductors, which now manufactures "special" chips for particular applications, will remain in being as part of the new company. It developed the chip used in push-button telephones and also makes chips for telex and video systems.

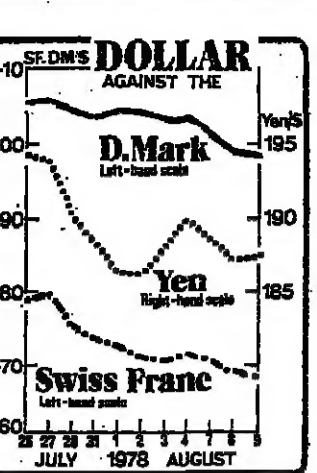
The key to the new venture's success is seen to be the combination of the special skills of GEC with Fairchild's experience of volume chip production.

Much of the technical expertise will come from Fairchild's San Jose factory, which manufactures metal oxide silicon (MOS) diodes. But new lines will be developed and manufactured in the UK joint plant.

GEC also believes that the two companies' sales forces in the UK and Europe will be crucial to the future of the venture. The INMOS project on the grounds that it has no marketing base. The venture needs needs in both companies. Fairchild gains a European base which it has wanted for some time, and GEC gets the technical expertise to enable it to break into the advanced microelectronic sector.

Future markets will include the automobile industry, the telecommunications and computer industries and the electronic consumer goods sector, especially television.

Background to the deal, Page 6



## Dollar weakens further

By Peter Riddell, Economics Correspondent

THE DOLLAR fell sharply yesterday to record lows against both the West German mark and the Swiss franc, while sterling rose to its highest level against the U.S. currency since February.

The U.S. currency fell to an all-time low of DM 1.9690 at one stage yesterday before closing at DM 1.9830, compared with Tuesday's close of DM 1.9880. This represents a decline of just over 3 per cent in the last week.

The dollar also fell against the Swiss franc, closing at Sfr 1.6580 against a low of Sfr 1.6580 and Tuesday's close of Sfr 1.6525.

The result was that the dollar's trade-weighted depreciation widened by 0.4 to its worst ever level of 9.9 per cent according to Morgan Guaranty figures.

This produced the now familiar impact on the bullion market where the gold price rose by \$1 to a record close in London of \$207 1/2 an ounce after a high of \$208 1/2 at one point.

The further marked weakening in the dollar yesterday reflected a continuation of the switch during the last week in selling pressure from Japan to the main Continental markets.

In particular, the dollar has fallen sharply against the D-Mark, which had not been particularly strong in the two or three weeks after the Bonn economic summit in mid-July.

The explanation for the catching-up by the D-Mark is partly because the markets have become reassured that the proposals to stimulate the West German economy may not prove as inflationary as had been feared, especially following a revision downwards of

Continued on Back Page

## Renewed air chaos likely this weekend

BY MICHAEL DONNE IN LONDON AND DAVID WHITE IN PARIS

AIR travellers throughout the UK and Western Europe once again face big delays as a result of the French air traffic controllers' decision yesterday to resume their work-to-rule this weekend.

Before last weekend, their action had disrupted air traffic for three weekends in succession. British holidaymakers who have already suffered delays or are likely to do so over the coming weekend, were told by the Office of Fair Trading that they were not entitled to compensation from their travel agents or tour organisers.

Control tower staff at the main French centres voted to resume their work-to-rule, suspended a week ago in the faint hope of an agreement with the French Government on pay and conditions. The work-to-rule means a severe cutback on the number of flights over France.

The 2,500 air traffic controllers, who voted yesterday in the four centres of Athis-Mons, near Paris, Brest, Bordeaux and Nice, proposed to continue their industrial action until next Wednesday to cover the extended weekend ending with Tuesday's Assumption Day holiday.

The guidance from the OFT yesterday confirmed this position. But the OFT stressed that travellers should read the small print on their booking forms, to determine their legal rights in their own cases.

Most travel agents and tour organisers, however, have included in their booking conditions clauses that disclaim liability for losses caused by travellers through delays or lost holidays stemming from circumstances beyond their control, such as bad weather or industrial disputes at home or overseas.

During the recent delays several major tour organisers spent large sums in providing their clients with extra meals, and in some cases accommodation.

One estimate is that the dispute has already cost the four organisers several hundred thousand pounds, and if compensation were to be added on some of the smaller tour organisers could face bankruptcy. Most tour organisers have now stopped paying even for meals.

At the same time, however, the travel trade generally believes that something should be done for those passengers who have lost holidays through no fault of their own, and it has been suggested that the Government should permit part of the £55m cash standing in the Air Travel Reserve Fund — derived from consumers' cash contributions — to be used for compensation.

Although the peak of holiday travel demand is over, it remains extremely high. As many as 100,000 passengers are likely to be moving through the UK's air ports this weekend.

## Thorpe decision to stand dismays leading Liberals

BY PHILIP RAWSTORNE

MR. JEREMY THORPE, the former Liberal leader yesterday denied the advice of his senior party colleagues that he should remain in being as part of the new company. It developed the chip used in push-button telephones and also makes chips for telex and video systems.

His decision, announced in a statement from his local association, was greeted with dismay and disappointment by leading Liberals.

His almost unanimous view, pressed on Mr. Thorpe during the past few days, was that he should withdraw from the election contest until the conspiracy-to-murder charge against him had been cleared up.

Many Liberals fear that their national election campaign may be seriously damaged by becoming entangled with Mr. Thorpe's personal fight.

They had hoped that if Mr. Thorpe persisted in entering a general election, he would run as an independent Liberal and run a largely separate campaign in North Devon. But this question was still unresolved last night.

After three days of intense consultations with leading Liberals about his political future, Mr. Thorpe's decision was announced by Mr. Charles Vaggner, chairman of his local party yesterday.

Mr. Vaggner said: "Since it is apparently thought that some further statement about Mr. Thorpe's position in North Devon is called for, I wish to re-emphasise the situation."

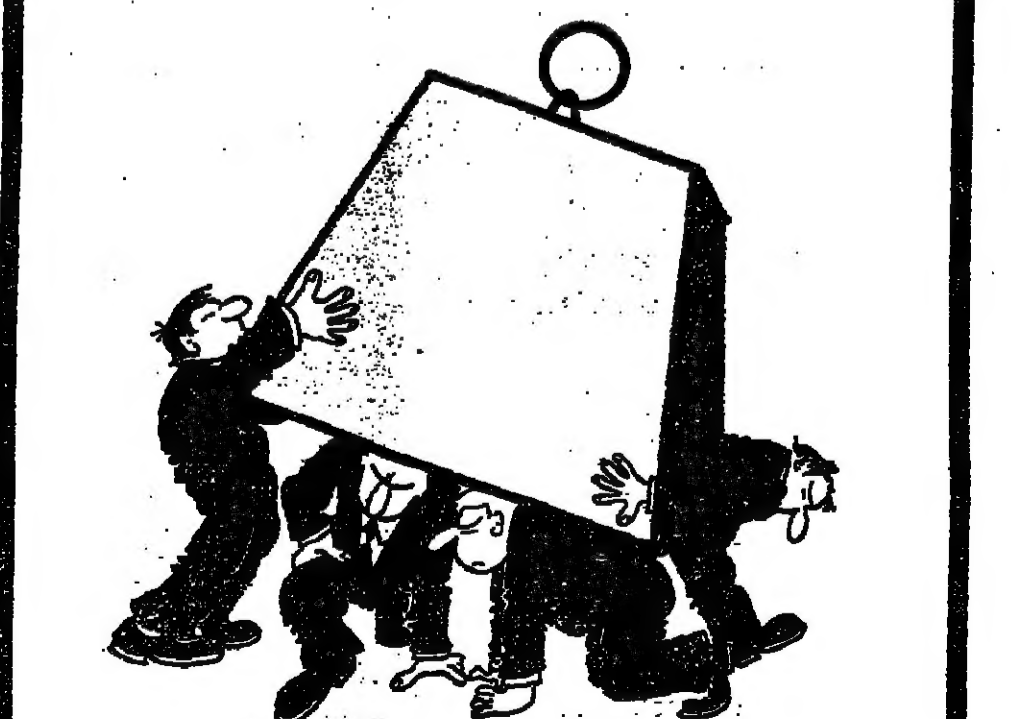
Mr. Thorpe enjoys the confidence of his constituency association and we have stated our intention of inviting him to become our candidate again at the next election.

Mr. Thorpe has already indicated that it is his desire to meet the wishes of his constituency association. In the circumstances, both Mr. Thorpe and the North Devon Liberal association feel that no further statements are called for.

Mr. Thorpe said later in Liverpool: "The statement means what it says. It goes out with my full approval."

Mr. Alan Beith, the Liberal Chief Whip, said afterwards: "Jeremy Thorpe has over the last few days sought the opinions of his colleagues and the party officers on the status of his candidature at the next election. These have been conveyed to him with the proviso that he should not make any further statements until the party had made up its mind. The party had no further comment to make on the situation, but Lord Wade, Liberal elder statesman and former party president, commenting on Mr. Thorpe's stance last night, said: "It is a convention in the Liberal Party that when a

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**CHIEF PRICE CHANGES YESTERDAY**  
(Prices in pence unless otherwise indicated)

|         |                        |          |
|---------|------------------------|----------|
| RISERS: | Fallows Developments   | 119 + 6  |
|         | Barclays Bank          | 58 + 4   |
|         | Nibby (C)              | 284 + 12 |
|         | Blue Circle            | 299 + 10 |
|         | Rourke & Hollingsworth | 240 + 18 |
|         | Brown & Forth          | 238 + 10 |
|         | Cook (IV) Sheffield    | 40 + 6   |
|         | Dowty                  | 253 + 8  |
|         | FRP                    | 124 + 10 |
|         | GFC                    | 303 + 10 |
|         | General                | 124 + 10 |
|         | GLS (A)                | 320 + 8  |
|         | Haden Carter           | 309 + 8  |
|         | Hamlyn Life            | 375 + 20 |
|         | Lawley                 | 244 + 10 |
|         | Investment             | 125 + 10 |
|         | Leeds                  | 174 + 6  |
|         | Metals                 | 374 + 8  |
|         | Offex                  | 104 + 7  |
|         | P & O Deft             | 99 + 5   |
|         | Powell Duffryn         | 210 + 7  |
|         | Rank Org               | 285 + 8  |
|         | Smith Bros             | 580 + 10 |
|         | Sun Alliance           | 260 + 20 |
|         | Sunley (B)             | 260 + 20 |
|         | Tate and Lyle          | 287 + 10 |
|         | Tube Investments       | 405 + 10 |
|         | Vinten                 | 284 + 14 |
|         | Burmah                 | 74 + 4   |
|         | Anglo-Am. Corp         | 360 + 15 |
|         | Anglo-Am. Inv Tr       | 257 + 21 |
|         | Bryson                 | 375 + 20 |
|         | Carbide                | 320 + 8  |
|         | De Beers Deft          | 480 + 28 |
|         | New With               | 125 + 13 |
|         | West Drieston          | 277 + 11 |
|         | ZCI                    | 37 + 6   |
|         | FALLS                  |          |
|         | Guthrie                | 339 + 12 |

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## EUROPEAN NEWS

## Eanes expected to appoint civilian Prime Minister

BY JIMMY BURNS

LISBON, August 9.

PRESIDENT RAMALHO EANES of Portugal is widely expected to name the country's new Prime Minister by the end of this evening in an attempt to settle the country's two-week political crisis. Having consulted the political parties and the military Council of the Revolution, the President is now constitutionally entitled to present his decision for formal approval by the Portuguese Parliament. It was still unclear today who the new Prime Minister would be.

Despite the official secrecy surrounding the Premiership for the past 24 hours, there are growing signs that a civilian rather than a soldier would be

appointed to the post. The state radio this morning suggested that the Council of the Revolution had joined the majority of the political parties in urging Gen. Eanes to settle for a non-military Premier. In recent months, the council's only intervention in a major Presidential decision was when it opposed the promotion of a well-known right-winger to the rank of general.

The Socialist, Communist and Conservative parties have all made clear over the past week their preference for a civilian Prime Minister, arguing that the appointment to the post of a soldier would invest too much

political power in the hands of the armed forces. The President is a general and, by the terms of the constitution, the Council of the Revolution can veto Government legislation.

It is expected that the President will this afternoon present each of the main political parties with a list of five civilian possibilities from which to choose. If by the end of the day a consensus had not been reached he would appoint a soldier to the post.

So the crisis in a sense has returned to square one. Either the politicians agree among themselves or the President himself will again take the initiative.

## Smoking ban halts Statfjord project

By Fay Gjester

OSLO, August 9.

WORK ON Norway's biggest single offshore project, the Statfjord A production platform, was still at a standstill today because of a ban on smoking. Some 700 platform workers—mostly Norwegians—went on strike last Sunday when the ban was put into effect. They have ignored appeals from union officials to return to work.

The oil companies developing the field, including Mobil and Statoil, Norway's state oil company, are losing large sums every day the dispute continues, and completion of the platform, which is already a year behind schedule, is being further delayed.

Workers on other rigs, where non-Norwegians have predominated, have apparently accepted without question the ban on smoking in so-called risk areas of a platform. The ban is enforced when production drilling starts because of increased fire hazard.

The Statfjord A workers are allowed to smoke in the platform's accommodation area, but only during meal and coffee breaks. They want rest rooms in their work areas where they can take short smoking breaks, and have demanded that special containers be set aside for this purpose. The difficulty of excluding inflammable gases from such containers would seem to make this idea impracticable, however.

Ray Dafter, Energy Correspondent writes: The companies participating in the Statfjord project have agreed to use ships for transporting oil from the field to shore terminals, at least for the time being. A decision on a permanent transportation system—possibly entailing the construction of a pipeline—will be taken early in the 1980s.

A separate transportation company is being formed, led by Statoil. The company, to be called K/S Statfjord Transport A/S and based in Stavanger, will comprise Statoil as operator, Mobil, Continental Oil, Esso, Norske Shell, British National Oil Corporation, Saga Petroleum, Amerasia Corporation, Amoco Norway and Texas Eastern Norwegian.

Statoil has already chartered two tankers which are specially equipped for offshore loading. The tankers, Polytrader and Polytraveller, each of 125,000 deadweight tons, are said to be the most advanced ships of their type.

## Increased W. German consumer demand shown by bank survey

BY JONATHAN CARR

BONN, August 9.

CLEAR SIGNS of an increase in West German consumer demand emerge from a survey of the retail trade just issued by one of the country's leading banks. It indicates that an accumulation of factors, including the drop in inflation and the low interest rates on savings, are at last prompting West Germans to buy more.

The survey by Commerzbank shows that retail trade turnover in the first half 1978 rose by about 6.5 per cent in nominal terms against that of the same period last year. That means an increase in real terms of 3.5 per cent—a rise which the survey indicates could also be attained for the year as a whole.

Three main reasons are given for this development. West Germans benefited at the start of this year from both tax reductions and a rise in family allowances (measures which will be reinforced from the start of next year through the Government's economic package decided late last month).

Further, the rate of inflation has dropped to below 3 per cent, even though there are fears it may climb again in the autumn and the private savings quota (savings as a percentage of disposable income) has gone down markedly. It totalled 13.5 per cent in the first quarter of this year against, for example, nearly 16 per cent in 1975.

The overall turnover increase figure conceals the structure of changes taking place in response to changing consumer habits. Traditional retail sectors such as textiles, shoes and some household goods are showing below average growth. Against that, sport and leisure items are clearly further strengthening their position as a boom sector. So too are all articles connected with car ownership.

The main store chains are striving to take account of these changes, as well as to meet tougher competition both from specialist shops and big super-markets outside the city centres.

But the changes they have introduced to improve their range and sales service are unlikely to make their full impact this year. The result will be turnover growth for the stores somewhat less than that for the retail area as a whole. But sales by the mail order concerns should be well up with the average.

## Dutch job losses feared

BY CHARLES BATCHELOR

AMSTERDAM, August 9.

THE GOVERNMENT'S plans for public spending cuts could lead to the loss of between 5,000 and 10,000 jobs in the Dutch building industry, according to one of the large building unions.

In the first detailed union reaction to the Government's austerity plan, the CNV Federation said more than 11 bn (€240m) of the F1 10bn (€24bn) cuts proposed over the next three years would be in the construction sector.

This would have a serious impact on the country's 265,000 building workers, the chairman of the CNV building union, Mr. Dito Vn Commence, said. The figures released this week show that only 100,000 houses are expected to be built this year, 10,000 less than forecast. Reasons for the drop are the sluggish performance of the local authorities in drawing up plans, the rise in house prices and the upward trend of mortgage rates.

The public spending cuts were announced at the end of June. The proposed cuts come at a time when house building activity is already declining.

The Government's savings measures provided for a reduction in the rate of building local authority homes for rent and of subsidised houses for sale. Spending on schools, hospitals and Government buildings will also be reduced.

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shows that retail trade turnover in the first half 1978 rose by about 6.5 per cent in nominal terms against that of the same period last year. That means an increase in real terms of 3.5 per cent—a rise which the survey indicates could also be attained for the year as a whole.

Three main reasons are given for this development. West Germans benefited at the start of this year from both tax reductions and a rise in family allowances (measures which will be reinforced from the start of next year through the Government's economic package decided late last month).

Further, the rate of inflation has dropped to below 3 per cent, even though there are fears it may climb again in the autumn and the private savings quota (savings as a percentage of disposable income) has gone down markedly. It totalled 13.5 per cent in the first quarter of this year against, for example, nearly 16 per cent in 1975.

The overall turnover increase figure conceals the structure of changes taking place in response to changing consumer habits. Traditional retail sectors such as textiles, shoes and some household goods are showing below average growth. Against that, sport and leisure items are clearly further strengthening their position as a boom sector. So too are all articles connected with car ownership.

The main store chains are striving to take account of these changes, as well as to meet tougher competition both from specialist shops and big super-markets outside the city centres. But the changes they have introduced to improve their range and sales service are unlikely to make their full impact this year. The result will be turnover growth for the stores somewhat less than that for the retail area as a whole. But sales by the mail order concerns should be well up with the average.

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## OVERSEAS NEWS

## Lebanon's conflict brings economy to a standstill

BY ASAN HAJAZI

BEIRUT, August 9.

CONTINUING FIGHTING and the impact of the Lebanese conflict on the economy have brought the country to a standstill. The closure of the Beirut harbour, the country's main outlet for imports and exports, has been a major factor in the growing economic malaise.

The port is located at the edge of the predominantly Christian quarter of the city, and since the outbreak of fighting in the past few weeks between Syrian troops of the Arab Palestinian force and Christian militias, the port has been almost completely closed. The port is now used only for the import of foodstuffs and other necessities.

Of particular concern to businessmen is the amount of the goods stockpiled in the harbour warehouses. Their value has been estimated at around \$300m. These businessmen recall that considerable part of the harbour was destroyed during the civil war. The government has moved a considerable number of goods to the port to protect them from looting, but the force has not been able to ensure total security.

Meanwhile, severed artillery exchanges between the Syrians and Christians militias in East Beirut this morning shattered the relative quiet. The shelling later eased but the situation remained tense.

President Sarkis headed a meeting by the cabinet at which the security situation and the impact in southern Lebanon were discussed.

Reuter adds: Former President Mr. Camille Chamoun, leader of the right-wing National Liberal Party (NLP), described the Syrians as "bloody-thirsty assassins" in a statement published in the rightist press. Syria in turn has taken to labelling the NLP and Pierre Gemayel's Falangist party "gangs of murderers".

The two sides routinely accuse each other of provoking the increasingly frequent battles which have left parts of East Beirut deserted. Thousands of citizens have been driven away from the safety of Mount Lebanon, the traditional stronghold of the Maronite Christians who make up the bulk of support for the rightist organisations.

## Eritreans return to attack

BY DAN CONNELL

KHARTOUM, August 9.

GUERRILLAS FIGHTING for the independence of Eritrea claim that the military situation in the province has stabilised after the last few weeks of rapid advance by Ethiopian Government forces. They say they have already begun guerrilla actions behind the now-extended Ethiopian lines.

Since mid-July, Ethiopian regular troops and militia have retaken most of the major towns in the southern part of the province and re-opened the communication to Addis Ababa which has been under siege for nearly a year. One of the two main guerrilla groups, the Eritrean Liberation Front, suffered serious battlefield defeats. The shift of the balance of power among the guerrilla groups decisively in favour of the EPLF. A recent visitor to the EPLF and EPRF

territory said that EPLF morale is extremely high while that of the ELF appears to be much lower.

The ELF is believed to have suffered heavy losses, as well as large quantities of supplies and arms. There are reports that large numbers of ELF fighters have switched to the EPLF.

Having, according to its own account, been engaged in no fighting, the EPLF now has considerably greater forces at its disposal than the ELF and it is no longer tied down in a number of towns, its forces are free to operate widely against the Ethiopians.

With Ethiopian forces continuing their build-up in the newly reconquered ELF areas the next few weeks are likely to prove decisive for the future of this group.

## Desai facing defeat in Parliament

By K. K. Sharma

NEW DELHI, August 9.

MR. MORARJI DESAI's Janata Government faces its first major parliamentary defeat tomorrow when the Upper House debates corruption charges against Mr. Desai's son and relatives of Mr. Charan Singh, the former Home Minister.

The debate in the Rajya Sabha is on a motion by Mrs. Indira Gandhi's Congress Party calling for the appointment of a commission of inquiry into the charges. The allegations were made in correspondence exchanged by Mr. Desai and Mr. Charan Singh before the latter resigned a month ago.

The Janata Party is in a minority in the Rajya Sabha. Most opposition parties are supporting the motion and the Government's defeat is certain. This would not be serious but for the prospect of another defeat in the Lower House on a similar motion on Saturday.

The Janata is in a majority in the Lok Sabha but is sharply divided on its approach to the motion and many members are insisting that the whips should be off. The Government may lose if a substantial number of Janata Members stay away from the House at the time of the vote as followers of Mr. Charan Singh are suggesting.

If the motion were carried in the Lok Sabha, the Government would be threatened.

Mrs. Gandhi's move to launch a countrywide agitation against the Government made a hesitant start today. The "Save India" campaign was literally washed out in New Delhi when heavy rain prevented her followers from staging a procession through the streets.

Mrs. Gandhi addressed two meetings in which she made a bitter attack on the Government. But she had planned to demonstrate her popular appeal, she did not achieve her purpose.

Her Congress Party held demonstrations throughout the country with varying success. Most culminated in the presentation of memoranda to authorities in the various states.

At Ahmedabad, capital of Gujarat, 3,000 party members were reported to have been arrested for defying a ban on processions near the Governor's residence.

## China-Japan treaty talks enter last round

BY JOHN HOFFMANN

PEKING, August 9.

THE FOREIGN Ministers of China and Japan met today to open what will probably be the last round of negotiations on a Sino-Japanese peace and friendship treaty.

The talks were described as frank, suggesting that both sides took pains to spell out their positions on the troublesome "anti-hegemony clause," which has been the principal obstacle in referring to a particular point in the way of the treaty for the past three years.

China has adamantly insisted on the inclusion of the clause, which opposes domination of any region by one nation. Japan's view is that the clause refers to China's suspicions of Soviet Union expansionism in Asia and the Pacific. Japan has been reluctant to endorse a statement which would align it against such a powerful nation as the Soviet Union.

The Japanese Foreign Minister, Mr. Sunao Sonoda, arrived in Peking yesterday to talk with his Chinese counterpart, Mr. Huang Hua. The two Governments have agreed to meet for three days, building on negotiations carried on in recent weeks by Foreign Ministry officials.

If the talks are successful, the treaty could be signed by the weekend. The Soviet Union has warned Japan that it will take offence if the treaty is signed without the anti-hegemony clause included. However, during working-level talks between China and Japan, Minister that people all over the world were watching the developments. He suggested that both the Japanese and Chinese Governments would be ridiculed if the treaty were not concluded at this stage.

Mr. Sonoda made this point clear during today's discussions with Mr. Hua. In reviewing Japan's basic foreign policy he emphasised that the Tokyo Government was not against any country.

He said he hoped the treaty would be concluded to the satisfaction of both sides, and reminded the Chinese Foreign Minister that people all over the world were watching the developments. He suggested that both the Japanese and Chinese Governments would be ridiculed if the treaty were not concluded at this stage.

China's insistence on the inclusion of the anti-hegemony clause is deeply rooted in its concern about the growing influence of the Soviet Union in Africa and Asia. A larger Soviet presence in the Pacific would complete the "encirclement" which China fears.

A successful peace and friendship treaty with Japan would ally those fears and establish a strong buffer in the Pacific region, but economic considerations are as important in the negotiation as political ones. China wants political peace for the next 30 years while it pursues its ambitious economic modernisation plans.

Modernisation at the speed which China envisages will require the co-operation of developed nations, and Japan is in a favoured position for such co-operation. The two countries already have a \$20bn trade pact extending over the next eight years, and both are eager to exploit the further trading opportunities that will accompany China's growth. A peace and friendship treaty would ensure safe ground for closer commitments on both sides.

## Peking-Libya link established

China and Libya have signed a joint communiqué establishing diplomatic relations between the two countries, Reuter reports from Peking.

The decision to establish diplomatic relations came during the visit to Peking of a top Libyan leader, Major Abdel Salam Jalloud, who arrived in the Chinese capital last Friday for an official visit.

The visit caught most diplomats in Peking by surprise, and it was surrounded in mystery until the New China News Agency announced that diplomatic relations had been established. Libya has had diplomatic ties with Taiwan, but informed sources said at the time of Major Jalloud's arrival there were no Libyan diplomats in Taipei.

The move was seen in Peking as a further example of China's expanding diplomatic activity in the Arab world in rivalry with the Soviet Union.

## Tokyo surveys confirm recovery

BY ROBERT WOOD

TOKYO, August 9.

CAPITAL SPENDING by orders by the electric power industry because they are said to move more erratically than those from other industries. The reports issued today by the Economic Planning Agency.

The first report, a survey of business orders for machinery, showed that capital spending rose 14.8 per cent in the April-June quarter after a decline of 4.7 per cent in the first quarter. Business plans indicated continued growth for the rest of the year, the agency said.

The second report, a survey of business orders for machinery, showed that such orders declined moderately in the second quarter after a dramatic 17 per cent advance in the first quarter. The decline, of 6.8 per cent after seasonal adjustments, had been expected. The agency predicted that new machinery orders would jump 22.3 per cent in the third quarter.

Machinery orders are generally a leading indicator of capital spending, but the statistics omit orders by the electric power industry because they are said to move more erratically than those from other industries. The power industry is known to be expanding its capital spending rapidly, so the statistics probably understate the total rise.

Because of declining investment in the first quarter, the overall rise for business investment in the first half of the year was only 1.1 per cent compared to the second half of last year, the survey of capital spending showed. The Economic Planning Agency expects an increase of 7.3 per cent in the second half of the year.

The manufacturing sector spent 4.3 per cent less in the first half than in the previous period and was expected to spend 1.1 per cent less in the second half. But the non-manufacturing sector increased its spending by 6.4 per cent in the first half and was expected to increase it by an additional 12 per cent in the second half. This is consistent with a recent shift in Japan's domestic economic growth from manufacturing to services, leisure development, restaurants and trade.

The indicators released today were the latest of several showing that the Japanese economy is recovering under continued Government economic stimulus. Department store sales have been brisk, business earnings have been improving, and the broadly defined money supply was 12 per cent higher in June than a year ago.

These indicators have not yet sparked a full revival of business or political confidence. Businessmen are particularly worried about the most recent upsurge in the value of the yen, and they are still reducing inventories. Pessimists note that both industrial production and shipbuilding slipped in June, although they had risen in the earlier months of this year.

## Sri Lanka travel ban for witnesses

By Mervyn de Silva

COLOMBO, August 9.

A PRESIDENTIAL commission inquiring into abuses of power by the Sirimavo Bandaranaike Government today ordered police to prevent six people from leaving the country.

The commission said they are to be summoned as witnesses. The list includes the former mayor of Colombo and Justice Minister, Felix Bandaranaike, the permanent secretary, Others are a former Member of Parliament and the chairman of a petroleum corporation.

The new constitution was passed last night with only seven Freedom Party members voting against it and the Tamil United Liberation Front absent as the vote was taken. Earlier the Government withdrew the most controversial section. Both opposition leader Amirthalingam and Mrs. Bandaranaike saw President Jayawardene in protest against a provision which makes it an offence to advocate or agitate for amendments.

## AFTER THE MAURITANIA COUP

## Breaking political logjams

BY SAM BORGAN



A MONTH after coming to power the new regime in Mauritania seems to be making good headway in its principal objective: ending the crippling conflict in Western Sahara.

It was that conflict which brought down the regime of President Mokhtar Ould Daddah, who ruled this north-west African state from independence in 1960. From early 1976, when Mauritania was given a share of the former Spanish Sahara by Morocco, which took the lucrative phosphate deposits, there has been nothing but trouble for the Government in Nouakchott.

Algeria backed the Polisario guerrilla movement which waged devastating raids both on the Mauritania share of Sahara and on Mauritania itself, sharply reducing output from the iron mines at Zouerate. The army had to be expanded from about 1,500 men to nearly 17,000, expelling the Polisario to the desert. Some 10,000 troops from Morocco arrived in Mauritania to help defend it and France had to send Jaguar strike aircraft to Mauritania's assistance.

The pressure of a worsening economic situation and a war which was becoming increasingly unpopular, especially with the black population from the south of the country, led to President Ould Daddah's overthrow in July by the chief of staff, Lt-Col. Mohammed Ould Salek, who immediately made clear that he had taken power to save the economy from collapse and to end the war.

Economic recovery is only possible if the war ends. Soon after the coup, Polisario declared a ceasefire in the Mauritanian sector of the disputed territory as a "goodwill" gesture. There are reports that Colonel Ould Salek had secret talks with President Houari Boumedienne of Algeria at the recent OAU summit in Khartoum. France is known to have played its role in the negotiations.

One idea put forward is that Mauritania should allow a semi-autonomous Polisario Government to establish itself in its section of the Sahara, and allow Algeria access to the Atlantic for its own iron exports from mines near Tindouf. Other elements of a possible settlement which have been discussed are joint exploitation of Moroccan and Algerian oil and gas deposits in the northern part of Sahara and joint exploitation of Tindouf, to which Morocco has an longstanding claim.

A resolution of the conflict is particularly crucial for Mauritania, the survival of the new regime depends on it. Defence takes up more than half of the national budget and as a result of this drain on resources important development projects have been stalled. Two of them, the oil refinery at the port of Nouadhibou and a sugar refinery, have been shut down without ever operating.

Because of the Polisario attacks on the Zouerate mines, most of the skilled French workers have left and exports of iron ore have fallen from 12m tonnes in 1974 to 8.5m last year.

nomads have become settled as a result of the drought. One in every two now lives in or around a town, mostly near Nouakchott, the capital, whose population has tripled in this decade severely straining already extended facilities.

This gloomy picture, compounded by very inefficient administration, is partly alleviated by the aid Mauritania has long received from France, the EEC and international organisations such as the World Bank and as the war has intensified, from the conservative Arab states led by Saudi Arabia. There are also good hopes for fishing, second now to iron ore in its contribution to foreign exchange earnings. Mauritania's waters, including those along the coast of its share of Western Sahara, are rich and have only recently been exploited. Hopes are also being pinned on a new mining venture, the Guelb iron ore project, which stands a good chance of success.

At a meeting in Saudi Arabia, backers agreed to provide the bulk of the \$680m financing required and both the European Development Fund and the World Bank have given assurances of support. Already a considerable amount of the financing has been secured, notably \$35m from the Saudi Development Fund. This project is crucial for Mauritania as it is designed to ensure iron for export when the present mines are exhausted.

But the area to be exploited is in Polisario's area of operations. Mauritania's development depends desperately on peace.

This year the harvest is down to 21,000 tons, a shortfall of around 180,000 tons and a third of normal production. Last year's crop was only 35,000 tons. Some 70,000 tons of grain have been promised to make up the deficit after Government purchases have been taken into account. The real problem is now considered to be that of animal feed, as pastures are badly hit by drought.

Aid officials believe that the assistance provided in the past has led farmers to plant fewer crops, knowing that any shortfall will be made good. The problem of food shortages is also exacerbated by the fact that

New issue August 10, 1978

All these bonds having been sold, this announcement appears as a matter of record only.

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| Banca Nazionale del Lavoro                             | Dillon, Read Overseas Corporation  | Nordic Bank<br>Limited  |
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| Bank Julius Baer International<br>Limited              | Eurobank S.p.A.  | Otto Handelsbank A/S  |
| Bankers Trust International<br>Limited                 | Compagnie Europeenne Internationale  | Pierson, Heiding & Pierson N.V.                                 |
| Bank für Gemeinwirtschaft<br>Aktiengesellschaft        | Europäische Bankgesellschaft<br>Limited  | PKBanken  |
| Bank Gutzwiller, Kurz, Bungenier<br>(Overseas) Limited | First Boston (Europe)<br>Limited   | Postbank  |
| Bank Maas & Hope NV                                    | Fondo de Inversiones de Venezuela  | Privatbanken Aktiengesellschaft                                 |
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| Banque de l'Indochine et de l'Extrême<br>Orient        | Hambros Bank<br>Limited  | Scandinavian Bank<br>Limited                                    |
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## AMERICAN NEWS

## Carter's need for success at Camp David summit

BY DAVID BUCHAN

WASHINGTON, August 9.

THE MIDDLE EAST summit at Camp David has, apart from its consequences for peace in that region, important domestic political implications for President Carter.

If the gamble of the September 5 summit pays off by giving a fresh impetus to the faltering Egyptian-Israeli negotiations, Mr. Carter will go into the mid-term congressional election campaign in the autumn with his political fortunes much enhanced.

Saying the President was "still the biggest drawing card in America," Mr. John White, Democratic Party chairman, said this week that Mr. Carter had committed himself to campaigning for democratic candidates on at least three or four days a month in the autumn campaign. Mr. White said the President and his Cabinet had promised to make 400 political appearances in advance of the November

elections, despite statements by several Democratic candidates who hoped that Mr. Carter would stay clear of their election campaigns.

Mr. Carter returns today from New York where yesterday he had the task, welcomed by politicians of New York state and city, of signing the \$1.8bn Federal Loan Guarantee Bill for the hard-pressed city. This came in a week which also saw Presidential forays to northern Virginia and North Carolina. Both visits were rated as successful by White House aides, and according to their advice that Mr. Carter should make himself more visible to the public, only 38 per cent of which approved of his conduct of the presidency at the end of June (according to a New York Times poll). The proportion compared with 46 per cent who thought he was doing a good job in April, and 64 per

cent a year before that. Mr. Carter has recently brought in an old associate, Mr. Gerald R. Rabinovitch, a political public relations expert, who has seen it as his job to project the President more prominently. By, for instance, persuading him to hold a recent news conference on the subject of television and to push some of the more erratic inmates of the Carter White House out of the limelight.

Mr. White said his party would devote special attention this year to the senatorial contests in North and South Carolina, Texas and Maine, and to the races for the governorships in New York, California, Pennsylvania and Ohio.

None of these states figured in the primary elections held yesterday, in which the voters generally supported incumbent politicians in Georgia, Michigan, Idaho and Missouri.

## World Bank defies U.S. over loan to Vietnam

By Our Own Correspondent

WASHINGTON, August 9.

THE WORLD BANK yesterday overrode U.S. objections and approved its first loan to Vietnam—\$60m for an irrigation project.

It seems likely, however, that obstructionist tactics by the U.S. will come to an end next year. The House of Representatives last week rejected amendments to the 1979 Foreign Aid Bill that would have blocked the use of U.S. money in World Bank lending to six countries, including Vietnam.

Last year the Carter Administration reluctantly ordered the World Bank executive director to cast his vote against loans to certain countries, so as to persuade Congress to drop similarly restrictive amendments passed by the House. This year the administration, working with liberal Democrats, succeeded in killing these amendments on the House floor.

Thus, much to the relief of the World Bank, which insists that it cannot accept money that is earmarked in this way, the U.S. is likely to stop voting against loans to countries on political grounds in the next fiscal year. Earlier this year it voted against a loan to Laos.

When the House continues its consideration of the Foreign Aid Bill, probably next week, the administration will still face two major threats to its proposed contributions of \$5.5bn to the World Bank and other international lending agencies. The first will be an attempt by the Foreign Aid Bill floor manager, Rep. Clarence Long, to cut those contributions by a further \$880m.

The second will be an attempt by protectionist Congressmen to ban the use of U.S. money in World Bank loans to specific projects which they consider will compete with U.S. producers. Last year, to the displeasure of the World Bank and the Administration, the House required that no U.S. money go to citrus, palm oil and sugar projects.

## Japanese exports claimed to be 'at turning point'

BY ROBERT WOOD

TOKYO, August 9.

JAPAN'S exports are showing definite signs of decline, Mr. Shiro Matsumoto, director of the international trade policy bureau of the Ministry of International Trade and Industry, said in a Press conference today.

"Japan's monthly exports now seem to be at a turning point," he said. Mr. Matsumoto distributed a Government-compiled trade index showing that exports declined 2.5 per cent in volume terms in the second quarter of this year compared to the previous year.

The decline was 2.2 per cent in yen terms, but because of the rise in the yen's value and accompanying price increases, exports were up 20.9 per cent in dollar terms.

It was the first decline in yen or dollar terms in recent quarters, and Mr. Matsumoto predicted further declines ahead. He said export approvals, a

statistic to be announced by his ministry on Friday, showed a decline in yen terms.

Steel, television, textile and ship exports all declined in the second quarter. Mr. Matsumoto said many of these were meeting price resistance in export markets.

Motor and chemical exports were still rising, but he said motor exports seemed to be meeting increasing resistance abroad. The share of Japanese cars in new motor registrations in the U.S. during the first 20 days of June declined sharply, he said.

Mr. Matsumoto acknowledged that imports had not been rising as Government officials had hoped. They increased by only 7.7 per cent, in dollar terms, in the second quarter compared with last year. (This meant they declined significantly

in yen terms and their growth in dollar terms was less than that of exports, making Japan's export surplus in the quarter higher than that of the previous year.)

He said that imports of manufactured goods rose by 28 per cent. The ratio of manufactured goods in Japan's imports has risen from 21.5 per cent in the whole year of 1977 to 24 per cent in the first quarter of this year and 26.1 per cent in the second quarter.

With the abolition of Japanese tariffs on foreign cars in early March, foreign car sales in Japan rose 33 per cent in the first five months of this year. Sales of foreign-made motorboats, agricultural machinery, toys, sporting goods, chemical machinery, watches, furniture, and art were also strong in the first half of the year, Mr. Matsumoto said.

## EEC agrees limits on wool from Argentina

By Rhys David

EXPORTS OF Argentinean wool textile cloth to the UK are to be brought under restraint under a new five-year agreement negotiated by the EEC Commission in Brussels.

The agreement will limit the Argentines to shipments of only a further 60 tonnes in the period from August to December, bringing total exports to the UK for 1978 up to around 225 tonnes compared with 203 tonnes in 1977. Imports next year will be limited to 245 tonnes and will be allowed to grow annually by 20 tonnes to 305 tonnes in 1982.

The new restriction comes after a period of considerable pressure by the UK industry and will be seen as evidence that the EEC is anxious following recent criticism, to demonstrate its readiness to utilise machinery it now has to control disruptive imports.

Like other recent entrants into textile exporting, the Argentines have developed a rapid assault on the UK market, increasing sales from 28,000 sq metres in 1976 to 726,000 sq metres last year. Sales so far this year have reached 641,000 sq metres. The cloth supplied has been both woolen and worsted and of good quality, and because of its low price has found ready buyers among the traditional customers of the Yorkshire textile industry.

UK producers believe the Argentinean prices—23 per metre for a good quality worsted compared with £120 from a Yorkshire mill—have been set at uneconomic levels in order to gain market entry and market share.

The EEC's move, which affects only Britain of the member countries, was welcomed by Mr. Peter Richardson in Bradford who said it demonstrated that the GATT Multi Fibre Arrangement could be made to work.

The Commission has been under heavy criticism from various parts of the UK textile industry over recent weeks as a result of its apparent reluctance to take action along the lines laid out in the MFA bilateral agreements with supplying countries to control imports where these exceed certain fixed levels.

## Italy relaxes advance import payment curbs

ROME, August 9. THE ITALIAN Government announced it is relaxing curbs on advance payment of imports from today by allowing importers to pay for goods up to 120 days ahead of receipt, without further formalities. Hitherto, the limit on advance payment was 60 days, unless official authorisation was obtained.

For prepayment of imports of over 320 and a maximum of 380 days, official authorisation is still needed, a Government decree said.

The relaxation is intended to facilitate import operations, and has been made possible by Italy's high reserves and continuing favourable balance of payments position, official sources said. Reuter

## New York papers face stoppage

BY JOHN WYLES

NEW YORK, August 9.

NEW YORK'S three daily newspapers face possible stoppages tonight unless there is a breakthrough in negotiations with the Pressmen's Union today.

The possibility that management employees would be able to maintain publication in the event of a strike disappeared yesterday when the delivery of the pressmen's union promised to honour the pressmen's picket lines.

The Publishers' Association of New York, representing the New York Times, the Daily News and the New York Post, is seeking substantial manning reductions in a new contract with the press-

men to replace one which expired at the end of March. The newspapers had threatened to impose new working arrangements from 8.30 p.m. last night but the deadline was deferred yesterday until 6 p.m. tonight at the request of a federal mediator.

The pressmen, who operate the printing machinery, say they will walk out if new manning arrangements are unilaterally imposed. The manning dispute arises from the introduction of new printing technology at all three newspapers which has reduced the number of workers required in the pressrooms by nearly half.

The publishers are seeking a gradual reduction in employment based on the guarantee of five working shifts. Employees who have worked continuously for one newspaper since August 1975, and who have worked at least 200 shifts at their newspaper during 1977.

Figures released yesterday suggested that about 1,100 people work in the pressroom of the New York Times at some time during a year, but only about 500 would qualify for the five-shift guarantee. The Times estimates that it needs fewer than 400 regular employees in its pressroom.

## Curb on regulatory bodies urged

BY DAVID LASCELLES

NEW YORK, August 9.

TREATY Presidential powers over federal regulatory bodies are recommended by the American Bar Association in a draft report on reform of the regulatory system. But in a parallel proposal the Association calls for a reduction in the scope of federal regulation in the interests of the free market.

The lawyers' professional body as yet to adopt the proposals, but the report puts forward a strong case, presumably an anticipation of opposition to the idea of bringing politics into regulatory bodies like the Civil

Aeronautics Board and the Federal Communications Commission.

Such bodies have traditionally cherished their independence and it has long been a tenet of U.S. politics that they should perform their duties free from interference by the executive branch. The Bar Association's report argues that Government regulation has in many cases eluded control by elected officials. It says that the scope and complexity of regulation is now such that it should be co-ordinated at a higher level.

The report recommends legislation to give the President limited powers to direct agency actions over critical issues. It exempts the money market functions of the Federal Reserve Board, and a few other highly sensitive areas.

The association expresses concern about the erosion of free-market operations. It urges the deregulation of competitive industries like the airlines and the phasing out of price controls on oil and gas as part of a general move to reduce government interference in the economy.

## Import curbs help Barbados

By Tony Cozier

BRIDGETOWN, August 9. MEASURES to curb imports have had the desired effect of improving the economy of Barbados, Mr. Tom Adams, the Prime Minister, has said here.

Addressing a meeting of overseas diplomats, Mr. Adams said that his Government had to "live against a popular lack of understanding of the desperate nature of its balance of payments problem in order to prevent the economy falling into international bankruptcy."

In 1976 there was a trade deficit of US\$139.75m. In 1977, 1978, such measures to limit imports as licence restrictions, higher consumption taxes on luxury items and stricter credit controls have had their effect.

"In fact, my advisers tell me that, on available evidence, the U.S. of some \$5.5m will come out by the end of the year and, at that time, our international reserves should show an increase of some \$13.5m."

## Casino move in Florida

BY OUR OWN CORRESPONDENT

NEW YORK, August 9.

AFTER NEW JERSEY, Florida could become the next state outside Nevada to legalise casino gambling. Petitioners in the state announced last night that they had gathered signatures necessary to get a vote on the issue in the November 7 elections.

But the going will be tough. State Governor Reubin Askew is strongly opposed to the idea and has vowed to fight it on moral and religious grounds. An opinion poll commissioned by Golden Nugget, the leading Las Vegas casino concern, also revealed recently that 47 per cent of the state's population were against legalisation, 46 per cent were in favour and 7 per cent were undecided.

However, the petitioners have the powerful backing of almost the entire Miami Beach hotel industry which is prepared to spend large sums for an amendment which would provide a much-needed boost to trade. Apart from the Governor, the opposition consists of other

gambling organisations, like horse and dog tracks, and the Chamber of Commerce, which is striving to transform Miami into a respectable banking and business convention centre.

## Sra. Letelier sues

The widow of the late Chilean Foreign Minister, Sr. Orlando Letelier, filed a federal suit yesterday which named the government of Chile as among those responsible for the murder of him here two years ago. Reuter reports from Washington. The suit also named as defendants four Chilean secret police officers. The suit, asking for more than \$10,000 in damages, is believed to be the first brought against a foreign nation in the U.S. for wrongful death. Eight people, including Gen. Juan Contreras, the former Chilean secret police chief, were indicted last week in Washington on charges of plotting the murder. The U.S. has asked Chile to extradite him and others for trial.

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## Leaders of Andean Pact seek closer co-operation

BY SARITA KENDALL

BOGOTA, August 9.

THE NEW Colombian head of state, Sr. Julio Cesar Turbay Ayala, began his 1978-82 Presidential term with an Andean summit meeting yesterday. Attended by the Presidents of Bolivia, Ecuador and Venezuela, the meeting was the first in the series designed to revitalise the nine-year-old Andean Pact.

The declaration signed by the representatives of the five pact members expressed concern that progress towards a new international economic order has been so slow. It also stresses the role of economic integration in strengthening the unity of Latin American countries when prices for commodities and manufactured goods are negotiated.

Sr. Turbay (62) has frequently stated his support for the Andean Pact, but past Colombian Governments have been most interested in the trade advantages of the agreement. Both the metal-working and petrochemical programmes of the pact members should be finalised before the end of this year, the declaration said.

The number of foreign delegations in Bogota for the presidential inauguration has improved the shaky democratic image of Colombia. The outgoing president, Sr. Alfonso Lopez Michelsen, has been widely criticised for the corruption and incompetence of his administration, and leaves a difficult economic and political legacy. Sr. Turbay has one dubious advantage—whereas Sr. Lopez started in 1974 with 3m votes and national expectations at a high point, Sr. Turbay won the elec-

tion with a small majority and no one expects miracles from his first year.

The new cabinet shows a masterful political and regional balance. By including seven Liberals, five Conservatives and one general, he has managed to placate the leading factions in each party. But he has also made it clear that there will be no radical policy changes.

Although President Turbay stressed that he would wage "an implacable crusade" against drug-trafficking, he also suggested that the U.S. Government might make greater efforts to control the financing of the trade through U.S. traffickers and consumers.

Crime came in for particular emphasis in his inaugural speech, and will undoubtedly be one of Sr. Turbay's major problems over the next four years. From cabinet corruption to petty street violence, crime is one of the biggest problems of all the Colombians. "If Turbay just manages to make the streets safer and reduce theft in the ports, he will earn everyone's gratitude and my support," said a Conservative party businessman.

Reuter adds: The Venezuelan President, Sr. Carlos Andrés Perez, said that an oil price increase was imminent and it would help revive the deadlocked dialogue between rich and poor nations.

"Oil prices will go up, not because OPEC is a selfish cartel, but because it is the only system of this world that can put pressure on industrialised countries to fix a policy on the prices of raw materials," Sr. Perez said.

## Norway urged to back Volvo deal

BY FAY GJESTER

OSLO, August 9.

NORWAY'S Minister of Industry, Mr. Olav Haukvik, has urged the country's business and industrial leaders to co-operate with the Government in making the success of the car-for-aluminium agreement with Volvo of Sweden.

Addressing a seminar on the project attended by some 80 of the most prominent people in Norwegian industry, banking and finance, Mr. Haukvik said that if the deal fell through it would seriously hurt Norway and the cause of Norwegian-Swedish co-operation.

He said it was "not impossible" that Volvo's planned new model might be produced in Norway. He regarded the decision to develop the new model, with all this would involve in the way of components and spare parts, as the most important since the start of the proposed Volvo agreement.

In the remaining negotiations with Volvo, the Government would keep in the closest possible touch with Norway's industry, financial institutions and trade union movement, the Minister promised. To create the 3,000 to 5,000 new jobs the agreement envisaged would require

industry's co-operation and enthusiastic commitment, he pointed out.

So far, Norwegian businessmen and industrialists, as well as the political opposition, have seemed lukewarm towards the Volvo project. Some 30 of the industrialists taking part in the seminar held a preliminary meeting to agree among themselves on what questions to ask Mr. Haukvik after his introductory speech. Some 15 Norwegian bankers

and insurance executives are also attending today's meeting. Several of them are expected to question whether Norway's small capital market can raise the funds required to finance the project.

Meanwhile, it has become clear that the Volvo agreement will not be debated by the Storting (Parliament) until early next year. The agreement is scheduled to be worked out in detail by October 15, and presented to the Storting soon afterwards.

## NATURAL GAS

## Holland prepares for the future

BY CHARLES BATCHELOR IN AMSTERDAM

HOLLAND, WITH the largest proven reserves of natural gas in Western Europe, is importing gas from Norway and Algeria, to 2002.

The Dutch admit that this modern version of sending coals to Newcastle is at first sight odd.

They are, after all, in the favourable position of being, together with Norway, the only net exporters of energy among the members of the OECD.

While preparations are made to export the first liquefied natural gas (LNG) from Algeria, Nederlandse Gasunie, the national gas distributor, has its eye on the Soviet Union, Iran, Nigeria and the Middle East as potential suppliers of yet more gas.

Importing gas from abroad makes very good sense to the Dutch for a number of reasons. They have spent £1.12bn (£855m) in spending a sophisticated distribution network over the past 15 years. Domestically produced gas now meets 55 per cent of Holland's total energy requirements, including 70 per cent of household needs, 40 per cent of industrial consumption and nearly 80 per cent of demand from electricity producers.

The gas is carried by 10,000 kms of underground pipelines and processed by eight compressor stations and more than 100 receiving stations. Apart from the distribution network 93 per cent of Dutch homes have been converted to natural gas and of these homes 93 per cent use gas for space heating.

Partly because of the depressed state of the world economy and Holland's refusal to sign new export contracts, deliveries of Dutch gas, which have risen steadily since the discovery of the massive Slochteren field in Groningen in 1959, have now begun to decline.

Proven reserves, including imports, were still healthy 1.815bn cubic metres at the start of this year. On the basis of proven reserves—which are 80 per cent guaranteed to be in the ground—Holland would still

have 268bn cubic metres in export contracts.

Since the realisation of nuclear power was not to be the promise of the 1960s, Gasunie has been scrambling its earlier policies.

Now that Gasunie's negotiators are buying rather than selling gas, the company is again thinking well ahead, hoping this time that its basic assumptions are correct. The Dutch reason that if they get into the growing international gas market while it is in its infancy, they can build up a strong position. By 2000 the gas may not be as readily available and it certainly will not be as cheap.

Despite having lived for 15 years with an expanding network of underground pipelines and surface installations to carry domestic gas, Gasunie has realised that gas has roused strong emotions.

Over a year after the contract was signed with Algeria and only three months to go before the Algerians are due to be "told where to land the gas," the decision has yet been taken on where to site the terminal.

Gasunie is in favour of the Maasvlakte, an area of reclaimed land at the mouth of Europoort, which is close to its main industrial customers. Fears of an explosion while the tankers unload have led to exhaustive studies of the possible dangers. The unions favour the recently developed harbour of Eemshaven in north-eastern Holland, which is in an area of high unemployment.

But it is also more than 200 km away from most of Gasunie's customers. The decision to import gas is not without its monetary implications. The "gas-bubble" has been blamed for many of Holland's economic ills. The boom of 1973-74, which pushed the guilder to such heights on the foreign exchanges that Dutch business cannot compete on export markets, critics argue.

Supporters of this view, and the Central Bank which has tried to reduce capital imports, would therefore presumably welcome a counter-balance to

the sizeable revenue inflows from gas sales. But with the balance of payments surplus shrinking at a rapid rate—down to £1.1bn (£450m) in 1977 from £17.5bn (£645m) before—the cost of gas imports might not be so opportune.

Holland has made a modest start with an at first sight surprising policy of buying a commodity it already has in abundance. But the opposition it has already encountered to plans for a gas terminal and the five years needed to conclude the Algerian deal indicate it is wise to begin early.

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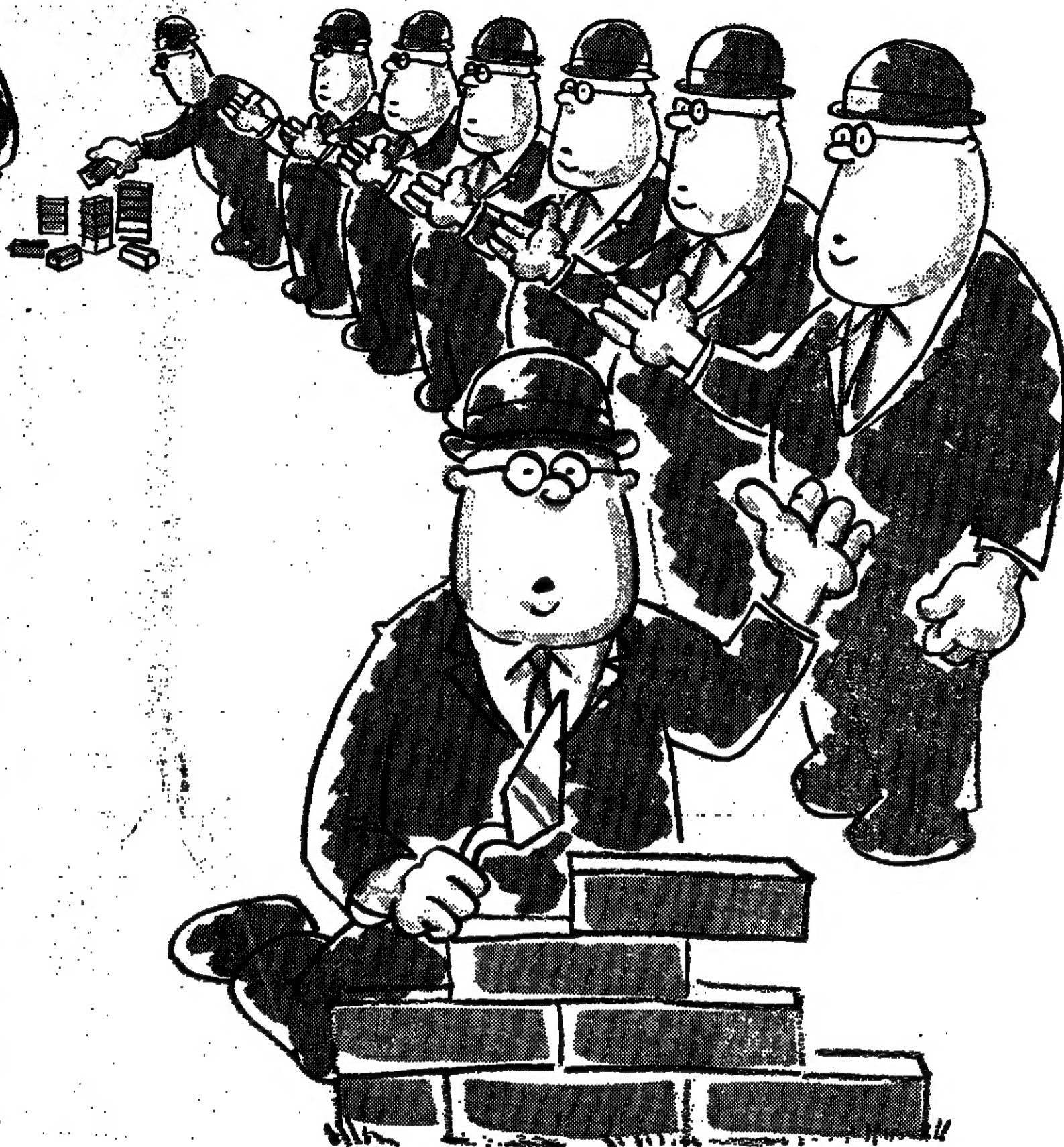
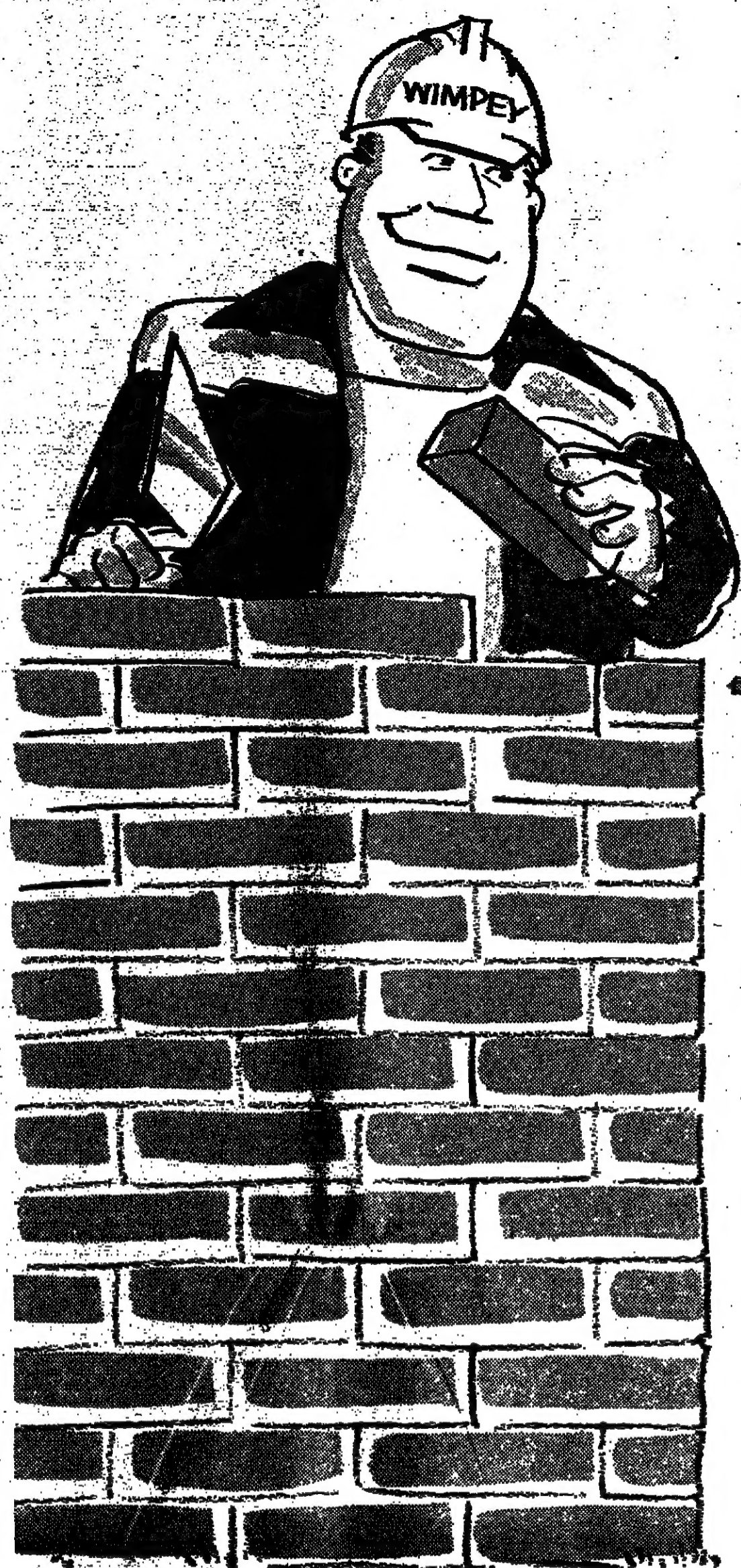
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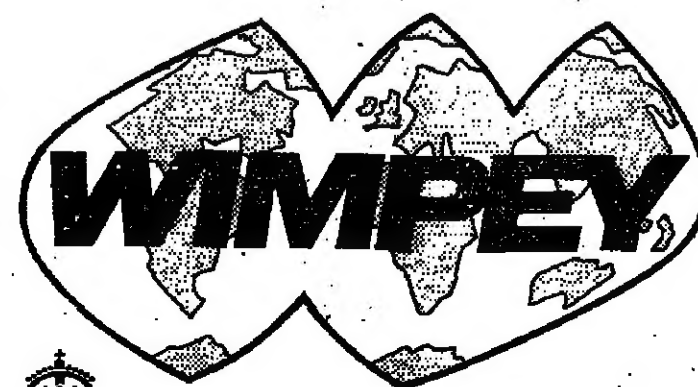
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## HOME NEWS

Sterling credit curb  
'needs to end soon'

BY DAVID FREUD

EARLY REMOVAL of restrictions on the use of sterling credits in financing exports and third-country trade is called for by the Committee on Invisible Exports.

In a submission to the Wilson committee on financial institutions, the exporters said the restrictions, introduced during

the financial crisis of 1976 to produce a "once and for all" rise in the reserves, were causing a continuing reduction in foreign income.

The Committee on Invisible Exports, which is made up of banking, insurance, commodity, transport and other foreign currency earning associations,

also proposed changes to long-standing restrictions.

The controls on the reinvestment of profits overseas and the purchase of foreign currency for direct investment abroad should be relaxed, it said.

Similarly, there should be some relaxation on the holding of foreign currencies so as to allow financial institutions, merchants, shipping companies and others who incur overseas liabilities to match these liabilities with holdings of foreign currencies.

The committee also called for gradual phasing out of the investment currency pool and merger of the official and premium rates of exchange.

Tax changes urged included a reduction of high marginal rates on personal incomes, abolition of discrimination against overseas income and allowances to financial institutions to adjust for the effect of inflation in the way stock appreciation applies to manufacturing industries.

The committee also called for avoidance of potentially harmful government policy on decentralisation and of restrictions on office development of a kind likely to cause further increases in rents.

The committee estimated that the net foreign income earned per head each year for the financial services of the City was £4,100, compared with about £2,500 per person in manufacturing industry.

In 1976 the City's contribution to the country's net invisible income was, at £1.5bn, more than a third of the total figure of £4.9bn.

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Healey attacks  
'faked' Tory ad

## Tory ad

BY PHILIP RAWSTORNE

MR. DENIS HEALEY, Chancellor of the Exchequer, last night savagely attacked the "rent-a-fake politics" of the Conservative Party's £2m advertising campaign.

Saatchi and Saatchi, specialists in advertising, detergents and deodorants, had been chosen "to cleanse and sweeten the image of extremism and division" which Mrs. Margaret Thatcher had created.

Speaking to party workers at Milton Keynes, Mr. Healey said: "The fundamental technique used by the Tories is faking."

"The apparent dog queue on their poster consisted, in fact, of well-paid models pretending they were out of work. Their television commercials use professional actors to imitate ordinary men and women. One has to remember when looking that nothing is for real."

"Britain has the most mature electorate in the world. It will not be taken in by the politics of Rent-a-Fake."

"Again and again, we have shown that in our country, common sense and principle can triumph over attempts by the rich and powerful to manipulate fear and greed to their own ends."

The Tory leader was "hoping to dodge the legal limits on election advertising" by getting most of it done before the election started. "She has far more money than the law would let her spend in a single month," he declared.

Apart from official Tory Party funds, the big private companies, which place adverts to justify putting up the price of beer, were said to have given her 2,000 poster sites worth £200,000.

"British United Industrialists, the Economic League, and Alms were continuing their backstage fund-raising."

"Sectors of big business which hope to do well out of a Tory Government are sprouting para-political campaigns like load-stocks," Mr. Healey said.

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GEC-Fairchild plans to become  
king of 'Silicon Island'

MICRO-PROCESSING RIVALRY EMERGES

WHATEVER uncertainties surround the success of the General Electric-Fairchild joint venture into mass production of metal oxide silicon (MOS) products announced yesterday, it should have a decisive advantage over both foreign and domestic rivals.

The project will be the first of its kind in Europe.

The major foreign rivals will be the French company, Thomson-CSF, which is being steered by the French government into a link-up with a U.S. company, possibly Mostek; and the German company of Siemens, which is also looking to the new world to bridge the technology gap of the old, but is reportedly also considering going it alone.

The main source of domestic competition—which Mr. Robert Clayton, GEC technical director, merely "notes" rather than worries over—will be INMOS, the National Enterprise Board's £50m project into advanced micro-electronics.

Drs. Richard Petritz and Paul Schroeder, the two U.S. co-founders of INMOS, are looking for a site for the first plant, which will research and develop MOS microprocessors—two to mass-manufacture in the UK in, perhaps, four or five years.

By that time, Clayton reckons, GEC-Fairchild will have been in production for three or four years, assuming, as he optimistically does, that the joint operation will be rolling by late 1979.

He can be optimistic, he says, because much of the expertise will simply be lifted from Fairchild. New machines for the UK plant—on which there is a waiting time of six to nine months—have already been ordered.

"The way the NEB has gone about this seemed to us rather odd. We heard about the INMOS deal when we were in

serious discussions with Fairchild, and it certainly didn't make us think again. It will have to build up from scratch and it will have to find a marketing force."

"We have always considered that we should start with a marketing force, which both companies have in Europe. INMOS is still trying to gather technical expertise in the U.S. for the moment, it has only two people."

Even with strong GEC and Fairchild sales forces, the new venture will be a high risk one, like all advanced micro-electronics projects.

In the first place, Fairchild has had less experience than other U.S. semiconductor companies in developing and manufacturing MOS products, preferring the alternative bipolar technology until some two or three years ago.

Mr. Wilfred Corrigan, the chairman of Fairchild, who has had his eye on GEC for some time, impressed the UK company's executives when he visited last year to round his new MOS factory in San Jose; but in some areas, his company is still thought to lag.

It is almost certainly not as advanced on research into the newest random access memory (RAM) chip, the 64K RAM, as companies in Japan and other U.S. companies like ITT (which is also thought to be considering UK production).

The new plant will begin by manufacturing the 16K RAM, which is the most advanced memory in current volume production.

Large markets

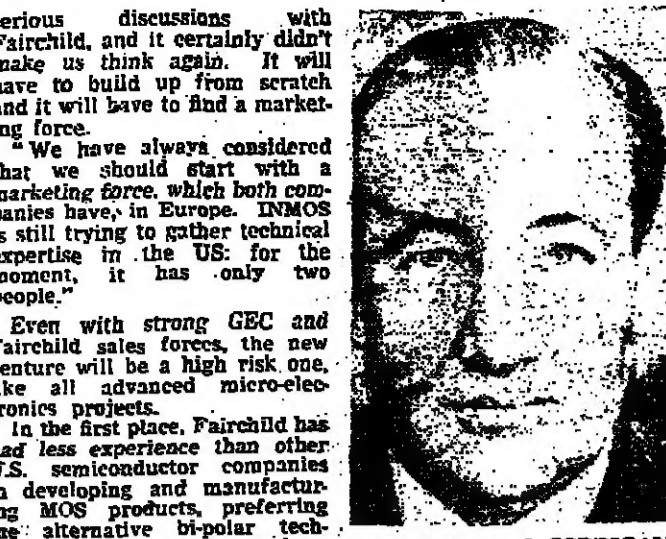
The NEB's hopes are pinned on the 64K RAM and it believes that by the time it can begin volume production, the market will be just about ready to buy. GEC, naturally, is doubtful about this: it is uncertain that

the market will switch from 16K to 64K and that the UK has several years of life left. "We bet, but we don't gamble," said Mr. Clayton.

Volume production means securing very large markets—hence the stress which GEC-Fairchild must sell in Europe as well as the U.K., as will probably have to sell in the U.S. as well, since it represents by far the largest market—and is likely to continue to do so.

—or bet—that there will be several new markets in Britain and Europe chip-hungry in a year or two. They will be the automobile industry, telecommunications, computers and, increasingly, consumer electronics, including television and washing machines.

It is a fair bet that these markets will be available, but by no means a foregone conclusion. The UK Government recently dangled £15m in front of manu-

MR. WILFRED J. CORRIGAN  
President Fairchild Camera

He has £70m on call for "viable projects which contribute to the strategy of strengthening the UK micro-electronics industry as a whole."

GEC-Fairchild will no doubt qualify, as will Plessey and ITT and when they move in the same direction.

Yesterday's announcement now brings total UK investment in advanced micro-electronics to around £150m, most of it government money, and all of it announced in the past month. At least two projects are off and running.

Naturally, their products will complement each other to the extent that, in making the UK into a European copy of the concentrated electronics production area in California known as "Silicon Valley," more projects may be attracted, both by Government grants and by a growing pool of scarce technical expertise.

We are already being called "Silicon Island"—rather pretentiously, certainly, but perhaps, in time, the title will be correct.

JOHN LLOYD

## Regions queue for new industry

THERE MUST be now be a file in Whitehall of applications from centres seeking to become the micro-processing capital of Britain.

A letter from Merseyside was sent off this week to Mr. Eric Varley, Secretary for Industry, setting out the case for the INMOS plant which may employ up to 4,000 people.

The government is to back it through the National Enterprise Board. It will rival the GEC-Fairchild plant unveiled yesterday.

Merseyside's letter has been followed by a similar appeal from Greater Manchester. A more general application, on behalf of the region as a whole, has been submitted by the North West Industrial Development Association. It follows what might be considered a pilot emulative strike by the north east region.

The Tyne and Wear County Council, not content with waiting for the National Enterprise Board to consider its case for the initial plant, has also gone to the INMOS in the design and production of micro-electronic circuits, is putting £300,000 into a micro-electronics research institute to be established jointly by Newcastle University, Newcastle Polytechnic and Computer Analysts and Programmers, a software company in which the NEB already has an interest.

Tyne and Wear will soon make a submission for the plant to come to the area.

Bristol, Bath, Wales and Scotland are also being considered. The decision will eventually be taken at a very high political level, but the successful area must meet some basic requirements.

Labour anywhere in the UK could be trained for the manufacturing process but it would make more sense to draw on skills already available in regions with an existing involvement in electronics.

More important, however, is access to skilled manpower able to work on application of micro-processors in the industrial areas where they are expected to take over control of manufacturing and other operations.

The NEB has two emphasised areas of high unemployment. The two northern areas feel that they can match this checklist and are now confidently putting forward their claims.

The North West Industrial Development Association says that the world's first computer was designed in Manchester 30 years ago and the city is still the main UK research and production base for ICL.

Other major electronic companies in the area include GEC, Plessey, Ferranti and Mullard. These groups and other smaller concerns employ more than 20,000 people in electronics or associated industries.

The north east also has a substantial involvement in the electronics industry, though of more recent origin.

About half-a-dozen university centres, including Manchester, Cambridge, London, Edinburgh, and Newcastle, can claim to have become deeply involved in micro-processing.

Newcastle's move in setting up a research unit is intended to strengthen the area's ability to provide the software back-up that will be needed to apply micro-electronics to industry. In the North West, these facilities already exist in the University of Manchester Institute of Science and Technology.

Even without the industrial and university facilities available in the two northern areas, there are strong political arguments for establishing the industry in the north. Both areas believe that their competitive position in attracting industry has worsened since the Welsh and Scottish comprehensive development agencies were set up.

Merseyside, where nearly 100,000 are out of work, has particular problems, but the north-west overall has the UK's lowest ratio of unfilled vacancies to employment. It also claims to have been receiving a disproportionately low share of investment per capita by Government and industry in recent years.

Wherever the new plant goes, experts expect the manpower implications to apply to a much wider area. Ultimately the number of people involved on the software side, writing micro-processor programs, could run into tens of thousands, far exceeding those employed in actual manufacture.

Long-term effects, however, are not what interest regional development bodies at this stage. As all the lobbyists realise, 4,000 jobs and the chance to be in at the start of a new industry are seldom on offer.

RHYS DAVID

## Midland Bank partners NEB in aid scheme

By John Elliott, Industrial Editor

MIDLAND BANK yesterday emerged as the clearing bank which is negotiating a pilot scheme with the National Enterprise Board to provide finance for small companies.

The joint venture would, it is understood, be launched in the north of England and would be based on the Board's regional office in Newcastle.

Details of the scheme have yet to be finalised. But it is likely to be a pilot scheme with a mixture of long-term loans and equity capital.

The bank and the NEB would each subscribe equal amounts of money. They expect to launch the scheme late in the autumn.

This plan could be affected by an October general election because, judging by a Conservative policy, a Conservative Government might not want the Board to engage in this sort of entrepreneurial activity.

—formerly the Wool Industries Research Association—for the Department of Industry.

If the average company in the industries were to take advantage of the energy-saving opportunities identified in the report, it could expect to cut its fuel and electricity bills by 18 per cent, or nearly £18,000 a year at present energy prices.

A 5 per cent saving could be made through "good house-keeping" measures while the remaining 13 per cent saving could be achieved from projects involving a relatively high capital expenditure—building insulation and heat recovery processes, for instance.

Energy Use in the Woolen and Worsted Industries, Department of Industry's Industrial Energy Thrift Scheme, library of the Department, Abell House, John Islip Street, London, SW1.

reported output to be growing, though at a slower rate than in the previous survey. The factor seen as likely to limit further growth of output is, as might be expected, the level of orders. But, significantly, a total of six sectors mention shortage of skilled labour as a likely or potential constraint.

Thirteen of the sectors report a decline in employment over the past four months, with eight of these sectors in upstream manufacturing. Of the five sectors reporting an increase in employment over the past four months four were in end products.

Another report says that woollen and worsted industries could save over £5m a year on their fuel bills by improving their heat recovery process, space heating and factory services.

The report is prepared by Wira

## Hovermarine takes over Solaris assets

BY LYNTON McLAINE

HOVERMARINE TRANSPORT, the Southampton sideway hovercraft company, has taken over the entire assets of Solaris Marine, local manufacturer of the £100,000 catamaran which carried Prince Caroline of Monaco's wedding presents.

The move will more than treble the manufacturing space for sideway hovercraft for a world patrol-craft market estimated to be growing at 15 per cent a year and worth more than \$1bn over the next five years.

Hovermarine Transport has won orders for more than 50 of its 35-knot HM2 passenger craft since 1970. This year alone, orders worth over \$5m were won by the company for civil applications. The total order book now stands at \$2m.

By next year, the annual turnover is expected to top £10m, boosted by Hovermarine Transport's first orders for military craft, likely to be placed by December. Mr. Bill Zehede, chairman, said in Southampton yesterday.

Acquisition of Solaris had been finalised with the Board of the catamaran company but is subject to approval by UK monetary authorities.

Both companies base their designs on glass fibre technology. The 30,000 sq ft Solaris factory at Woolston near Hovermarine Transport's works will continue for the time being to make the established 42 ft catamaran, but

will adopt production to make new 60 ft work boat versions to be sold alongside the sideway hovercraft work platforms.

The Hong Kong and Yaukai Ferry Co., which last year carried 170m passengers, making it the world's busiest ferry company, has ordered 10 HM2 craft. Six are now in service operating at premium fares four times those of the local ferry.

Other customers for the HM2 craft include the Royal Canadian Mounted Police, which has ordered four craft for patrol and fire-fighting duties, at a total cost of nearly £2m.

In the U.S., the city of Tacoma Harbour Authority has ordered two craft to replace a 50-year-old ferry tender.

Hovermarine Transport is a wholly-owned subsidiary of the Hovermarine Corporation of Pittsburgh, U.S.A., and was formed after the collapse of Hovermarine Ltd. in 1968, the original UK manufacturer of sideway craft.

This operated under patents held by the National Research Development Corporation and Hovercraft Development. The Corporation is still involved with Hovermarine Transport and over £1.2m of corporation funds have been injected into the company over the past three years.

Half the money has been used to next year's development of a large rise in receipts from national insurance and pension contributions may well result in a large cut in the standard rate of income tax from 33 to 30 per cent.

"Boom Christmas" predicted

THE SHARP recovery in consumer spending is expected to continue until the late summer of next year before levelling off, according to the August issue of the Henley Centre's Framework Forecasts published yesterday.

Consumer spending in real terms is expected to rise by 5.2 per cent in 1978 and by 4.3 per cent next year.

Accordingly "a boom Christ-

facturers to encourage them to apply microprocessors to their products—a bribe that would not have been necessary had they been scrambling to find applications for themselves.

Government money will, no doubt,



## HOME NEWS

The unique confection that climbed Everest with Hillary is tested by CHRISTOPHER PARKES

## Uncle Joseph's mint cakes stay as sweet

KENDAL MINT cake is, in appearance, an unsuitable although unappealing sweetmeat, resembling nothing so much as a slab of brown wax. In the mouth, however, there is a transformation. Concentrated aromatic sweetness assaults tired taste buds and seeks out unerringly any loose fillings or exposed fragments of nerve. No need for dental X-rays. A cavity invaded by high-octane oil of peppermint is easy to pinpoint.

There is broad agreement among the four manufacturers in Kendal on the ingredients used: sugar, glucose, oil of peppermint and an emulsifier to finish the job. And while some makers mutter darkly of special processes, to the unspecialised palate there is little obvious difference between brands.

Mr. Harry Wiper, of Robert Wiper, The Kendal Mint Cake Works, Entry Lane, along for a blend of textures in his hand-made cake—half solid and half granular, but always "creamy" when sucked.

He claims that his reticence about showing visitors his tiny factory is based on the need to protect his secret process, handed down from his great-great-uncle Joseph Wiper, who, he says, originated the recipe in 1860 and began manufacturing cake in his Ferney Green Steam Confectionery Works along with his renowned "Gold Medal Toffy".

Although "more forthcoming" was Mr. Shane Barron, the brawny managing director of George Romney Limited, who continued boiling and pouring as we talked.

The tourist season is peak production time for the mint cake industry, and visitors munch their way through as much as can be turned out. The fresher the cake, it seems, the stronger the flavour. No one seemed happy about preparing stocks during the slack winter months for sale in the summer. Oil of peppermint is highly volatile, after all.

### Rising costs

Tearful and grasping in the reek of rapidly evaporating mint, Mr. Barron grumbled about the intricacies of the Common Market, which was forcing him to pay nearly £230 a tonne for sugar when there were supplies on the world market for less than £100.

Mr. Wiper had a similar complaint and was warned by his suppliers that by 1980 he would be paying at least £300 a tonne for sugar. Oil of peppermint, a costly essence at the best of times, had gone up by 45 per cent over the past year.

Retail prices of mint cake, however, have just been increased about 5 per cent. Mr. Wiper's standard 6 oz bar is now 25p compared with 23p earlier this year. Romney's price was increased recently for the first time in two years.

To help keep down costs, Mr. Barron said, it was important to incorporate as much glucose as possible in the mix. Up to 40 per cent glucose blended with the sugar is first boiled with water in a crucible and transferred for a second, more vigorous cooking in smaller pots.

After cooling for seven or eight minutes the violent sear is renewed on the addition of the vital flavour—oil of all of peppermint to 40 lb of sugar mix.

The blend is poured by hand into shallow trays where it hardens quickly and is rapidly transferred out of the sugar-boiling room for hand wrapping.

Romney's produce about 5 tonnes of cake a week during the busy tourist season and ticks over on 20 tonnes or so during the off-peak. When Mr. Barron took over the Romney factory in 1970, expected modest surplus and not as good as 10 per cent. The majority view until now was that double-digit inflation parameters were unlikely during the next year, largely to depreciate by more than 5 per cent because of recent higher pay.



Mr. Shane Barron, managing director of George Romney, Kendal Mint Cake manufacturers, keeps a sharp eye on the precious mixture.

of 10 to 12 per cent a year since then. The industry is an small and specialised that there is little mechanisation. Everything is done by hand. Even the scoring of the hardened cakes in Mr. Wiper's factory is carried out with a custom-made cutter. All blocks are weighed, trimmed and wrapped by hand.

Since the processing has to be carried out by specialists and the health foods fashion started about 60 per cent of all sales were white, and 40 per cent brown. Now the market is divided 50-50.

Heaviest sales go to the tourists who flock to the Lakes during the summer. Mint cake has such a reputation as a restorative and energy provider among the world's leading mountain climbers that the holiday rambles take to it readily. Its main advantage over other sugar-based energy rations is that it does not provoke thirst and in fact can be thoroughly refreshing.

Of course, the confection's main claim to fame is that it was eaten on the first successful ascent of Mount Everest. The headline on a newspaper clipping displayed in the lobby at the Romney works reads: "Everest—Hillary tells his story. On the summit Tensing embraced me—we nibbled Kendal Mint Cake."

Competition is still keen among the makers to win the accolades of successful expedition leaders. The wrappers of most brands are plastered with these "credits."

Mr. Wiper boasts that the Scottish Tierra del Fuego expedition which left Britain last autumn on an 11-month project took his mint cake with it. Apart from demonstrating the good taste of the expedition leader, Mr. Wiper claims that his cake was selected because of the lasting quality of its flavouring.

There is considerable inter-factory sniping about the quality of the mint used in some brands, and a scurrilous tale circulates in the mountains that on one Himalayan expedition the mountaineers were so put off by the poor flavour of their supplies that they were quite unable to eat it.

Their sherpas and porters, it is reported, were markedly less snickety and polished off the stuff in double-quick time. Which, considering they had carried it all the way up the mountains, seemed only fair.

The study, by chartered surveyors Donaldsons, concludes that at planning appeals investors are increasingly recognising hypermarkets "as specialist retail outlets in their own right."

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## JAMAICA

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Company: Four years old. T/O £500,000. Exports 40%. Products: Manufactured components for Hi-Fi, Radio, TV. Good margins. Market: Only one major European competitor, ten times our size. Problems: (a) Additional resources needed to take company from small to medium size. (b) Our Chairman/participator retiring and wishes to withdraw from private company investments. Money: Purchase equity share/loan injection approx. £200,000. Write Box G.2406, Financial Times, 10, Cannon Street, EC4P 4BY.

#### SALE - LEASE-BACK

Private buyer wishes to purchase good class shop or office property and lease back to present owners on attractive terms. Covenant and position important. £50,000-£500,000. Box G.2397, Financial Times, 10, Cannon Street, EC4P 4BY.

#### EXCLUSIVE DISTRIBUTORS required for

HOUSEHOLD & "COMBAT" WATER PURIFIERS in Africa (including Nigeria) and Middle East (including U.A.E. & Kuwait). Both models requiring no plumbing or electricity and effective against Bilharzia, Typhoid, Cholera, Dysentery, E. Coli, etc. Reply to Box G.2411, Financial Times, 10, Cannon Street, EC4P 4BY.

#### PROPERTY DEVELOPMENT/INVESTMENT

Speculative Funding Required. Substantial liquid property group is seeking to expand its existing institutional funding arrangements by way of arranging speculative funding for well-located Office/Industrial development schemes, geographically located within 30 miles of London. Circa £3m-£5m. Principals will only be repaid to the strictest confidence. Write Box G.2405, Financial Times, 10, Cannon Street, EC4P 4BY.

#### CONTENTS OF FRIDGE BANK

(and from other sources) Exceptional quality office furniture, desks, chairs, filing cabinets, etc. in stock. Filing cabinets and filing cupboards, Adler and Olympia typewriters. 100s of other bargains. Phone for details: Brian North or Bill Raynor at "Commercial" 124 Gray Inn Road, London, W.C.1. 01-837 7663.

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#### SYNDICATE

being formed for the purpose of promoting a novel and exciting concept to take advantage of the modern trend of youth in the field of entertainment, leisure and pleasure. Minimum subscription £1,000. BUSINESS AWAKENATIONS LTD. 6 Old Bond Street, London W1X 7TA 01-429 8586. Telex: 262350 Impdin

#### OFFICE FURNITURE

Manufacturers of high quality office furniture invite enquiries from European and overseas distributors and export-import agents. ISOPLAN LTD. Upper Icknield Way, Tring, Hertfordshire.

### BUSINESSES WANTED

#### DORMANT LIMITED COMPANY

Wanted a dormant limited company which is not trading but which in the past had acquired and now disposed of a substantial business or property. Maximum issued share capital or net assets £50,000. Replies to Leach & Co., Ashley House, 15/20, Abchurch Lane, London, E.C.4. Richmond, Surrey.

#### CIVIL ENGINEERING CONTRACTOR

Our client would like to acquire a fairly substantial business engaged in civil engineering, preferably with overseas capability. For further information, please reply in confidence to SLATER, CHAPMAN & COOKE Ref C100, Chartered Accountants, 16a St. James's Street, London, S.W.1.

#### SMALL EXPORT MERCHANTS, AGENTS,

est. with one or more good customer or agencies required for purchase. Profits should not exceed £10,000 p.a. but loss-making companies fulfilling above criteria also considered. Write Box G.2401, Financial Times, 10, Cannon Street, EC4P 4BY.

#### CIGARETTE VENDING

A CIGARETTE VENDING ROUND IN THE WEST MIDLANDS with a minimum turnover of £125,000 per annum. Please state asking price and quality of machines and location. Write to: MR. JOHNSON 2 Theodora Close, Oldbury, Walsley West Midlands

#### WANTED TO BUY

Substantial Main Dealership for cash. Ford preferred but other Leading Franchises considered. Subject Manufacturer's approval. Full replies, strictest confidence. Write Box G.2409, Financial Times, 10, Cannon Street, EC4P 4BY.

#### TRAVEL/LEISURE INDUSTRY

Public Company seeking diversification wishes to acquire established Travel/Leisure Business. Principals interested in your operating companies and IATA licensed travel agencies. Substantial cash resources available. Please reply in strictest confidence to: Box G.2408, Financial Times, 10, Cannon Street, EC4P 4BY.

#### WANTED TO PURCHASE

COMMERCIAL CREDIT STATUS & DEBT COLLECTION AGENCY IN SCOTLAND Write Box G.2402, Financial Times, 10, Cannon Street, EC4P 4BY.

## Hepper Watson

### CORRIGAN-FORD ENTERPRISES LIMITED (in liquidation)

Substantial profitable Company with 23 property assets in and around Yorkshire. BINGO HALLS, CINEMAS, AMUSEMENT ARCADES. Shortly to be sold either as a whole or individually. Full details application (inf. RLV/100/C1). Tel. (0532) 442020 18/24 New Station Street, Boar Lane, Leeds LS1 3UP.

### PRESTIGE CARS WANTED TO ALL COMPANY DIRECTORS

Are you obtaining the best price for your low-mileage prestige motor-car? We urgently require Rolls-Royces, Mercedes, Daimler, Jaguar, Vanden Plas, Bentley, Porsche, Ferrari, Aston Martin, Lamborghini, Lotus, Rover, Triumph and Volvo cars. Open 7 days a week. Collection anywhere in UK. Cash or Bankers' draft available. Telephone us for a free price or our buyer will call. ROMANS OF WORKING LTD. Brookwood (0467) 4567

### THE COMPLETE FINANCIAL AND MARKETING PACKAGE

We are an International Marketing Consultancy based in London which offers financial and marketing advice either in this country or world-wide. Capital would be available to suitable enterprises where expansion or development of new projects is beyond the limits of existing cash flow or financial resources. We also give experienced advice on both mergers and takeovers. Principals, or their Agents, should in the first instance write to: Box G.2378, Financial Times, 10, Cannon Street, EC4P 4BY

### FINANCE FOR THE SMALLER COMPANY

For further information contact: K. Dean, ARBUTHNOT FACTORS LTD., Breads Place, Hastings, E. Sussex. Tel: 0424-430824

### ENGINEERING ACCESSORIES

A long established range of accessories including Angle Plates, Adjustable and Box Angle Plates, Drilling and Machine Vices, Surface Plates, Bench Vices, Centres, etc. is offered for sale with stock, cash, and drawings. This range will be of particular interest to an engineering company with a sales force. Write Box G.2407, Financial Times, 10, Cannon Street, EC4P 4BY.

### DUTCH B.V.S. FOR SALE

For details please reply to Box G.2404, Financial Times, 10, Cannon Street, EC4P 4BY

### ISLE OF MAN OFFSHORE TAX SAFEGUARD

Group the opportunities in a low tax area. We specialise in the formation of offshore companies, providing complete, professional, secretarial services, generalist and specialist, for general consultants, including commercial placements. Full details from P. A. Brown, BROWN BROTHERS LIMITED, Victoria House, Prospect Hill, Douglas, Isle of Man. Tel. 0634 256671. Telex 82641

### SMALL PRIVATE PRECISION ENGINEERING CONCERN

wish to sell 51% holdings. Est. 14 years. Owner retiring. Write Box G.2364, Financial Times, 10, Cannon Street, EC4P 4BY

### TURKEY

International company wishes to contact companies with BLOCKED FUNDS IN TURKEY with a view to possible trading agreement of mutual benefit. Write Box G.2393, Financial Times, 10, Cannon Street, EC4P 4BY.

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01-248 4782 & 01-248 5161

FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER



# Chief Accountant

C. London

Our client is an international investment company with assets of \$500 million spread over the Middle East, Europe and the Americas. It is primarily involved in marketing and development projects.

The Controller wishes to recruit a Chief Accountant to control the small Head Office accounting team and to assist him with group cash planning. He/she will be responsible for group accounting, budgets,

**£10,000 + and benefits**

consolidations, and the review of mixed accounting systems. Candidates aged 30-45 should be well disciplined C.A.'s or C.P.A.'s with broad commercial experience and hopefully a knowledge of French. The job described and the salary are no more than indicators - the final specification will be written round the person appointed and the generous benefits package will be very negotiable.

Please contact James N. Denholm, FCA, in strict confidence, at Management Appointments Limited, Albemarle House, 1 Albemarle Street, London W.1. Tel: 01-499 4879

**Management Appointments Limited**

## International Banker

c. £15,000-£18,000

An International Finance Group with offices in Manila, Hongkong and Bangkok seeks the services of an experienced international banker aged between 35-45 for relocation to the Far East.

Past service with a Merchant Bank or an International Commercial Bank with expertise in project development and in structuring, negotiating and syndicating credits is essential. The salary and benefits will be commensurate with experience in the range of £15,000-£18,000.

Initial interviews will be held in London. Please give a comprehensive personal and business history, including home telephone number. All replies will be treated in strictest confidence and should be addressed to: The Advertiser, 46/47 Bloomsbury Square, London, WC1A 2RU

**International Organisation**  
based in Paris  
requires an

**Assistant to the Head**  
of the  
**Marketing Division**

which is concerned with all aspects of marketing policy for CIPEC member governments and their copper companies.

University education, probably in economics, and good understanding of copper essential. Other market and marketing knowledge, experience of market research, understanding of technical uses of copper, or a period of marketing consultancy useful.

English essential, Spanish and/or French useful.

For job description and further details, write to: CIPEC-177, Avenue du Roule - 92200 - Neuilly-sur-Seine - FRANCE.

## LEGAL EXECUTIVE

City merchant bank requires mature legal executive, male or female, to assist the General Manager. Experience in taking security for all types of banking transactions and in writing overdraft and loan facility letters is essential.

Experience in documentary credit work or in monitoring the various aspects of the development of a commercial lending portfolio of a merchant bank would be a considerable advantage. Salary and terms will be attractive for the right applicant. Please write in complete confidence, stating details of education, qualifications and career and experience to date to:

The Managing Director,  
CAYZER LIMITED,

5 Laurence Pountney Lane, London EC4R 0HA.

## GROUP ACCOUNTANT

London W1

Up to £6,500

London and City Finance Group Ltd., a rapidly expanding medium sized financial group of companies, wishes to appoint a group accountant to be responsible to the Financial Controller.

Responsibilities will include—Preparation of monthly, quarterly and statutory accounts, budgets and cash forecasts, financial administration and control, viability studies for new projects and monitoring of group investments.

Prospects are excellent and an initial salary in the range £5,000 to £6,500, depending on experience, is envisaged.

Applications with details of experience and qualifications, which will be treated in the strictest confidence, should be sent to—

John Richardson, FCA

London and City Finance Group Ltd.

18 Seymour Street, London W1

Tel: 01-835 2382

## Merchant Banking

Manchester A.I.B. & A.C.A.

As a result of continued expansion and demand for our services, we need two more executives in our Manchester Office, which serves the North West.

We are seeking young qualified people to join the existing team of professionals based in King Street.

### Chartered Accountant

You will probably be a graduate, aged 24/26, recently qualified in the Profession, with an interest in corporate finance.

### A.I.B.

You are probably aged 24/28, at present employed in a merchant or clearing bank and ideally you should have some experience of charged security and corporate lending.

Remuneration will be negotiable and terms of service are attractive.

Interviews will be held in Manchester or London but in the first instance applications giving personal and career details should be sent in confidence to—

David Woodward, Personnel Manager,  
County Bank Limited,  
11 Old Broad Street, London, EC2N 1BB.

## County Bank

A member of the National Westminster Bank Group

## Assistant Head of Internal Audit

c. £9000 + benefits

This appointment is to the City-based Internal Audit team of Williams & Glyn's Bank Ltd., the U.K.'s fifth largest Clearing Bank which provides a wide range of financial services throughout England and Wales.

The successful candidate will be required to fulfil an innovative role in the planning, development and supervision of effective operational, financial, and systems audits in specified and diverse areas of the Bank's specialist operations and Group subsidiaries. Candidates should be qualified accountants with at least three years' auditing experience at a supervisory level.

In addition to the ability to communicate effectively at all levels, both orally and in writing, the job holder must be capable of training and developing members of the audit team. Preferred age range 28-40.

Starting salary will be negotiable around £9000; valuable benefits include generous House Purchase facilities, contributory pension plan, and a profit sharing scheme. Re-location assistance to London will be provided where appropriate.

Please write giving full career details or telephone for an application form, quoting reference B.907, to: P. D. Richards, Williams & Glyn's Bank Ltd., New London Bridge House, 26 London Bridge Street, London SE1 9SX. Tel: 01-407 3121.

**WILLIAMS & GLYN'S BANK**

## Group Chief Accountant/Treasurer

London

about £10,000 p.a.

An international publicly quoted Group with diversified industrial interests and sales approaching £200m. requires a mature and motivated qualified accountant for this senior position within its small, specialist Head Office. Reporting to the Finance Director, the main responsibilities will be the production of the Group's Interim and Annual Reports and control of all statutory accounting requirements, the treasury function of the Group and the supervision of a small accounts team. The successful candidate is likely to be a Chartered Accountant with proven ability and experience of these tasks in industry or commerce and is unlikely to be under 30 years old. Some knowledge of Group taxation is desirable.

This appointment is seen as a means of recruiting a potential senior executive and there are excellent opportunities for career progression within the Group. The negotiable salary includes a car and other attractive fringe benefits.

Replies in confidence quoting reference GCA21 to: David Sheppard



DAVID SHEPPARD & PARTNERS LTD.  
Management Consultants  
21 Cleveland Place  
St James's, London SW1Y 6RL

## CJA

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EXPANDING INTERNATIONAL CONSTRUCTION AND ENGINEERING GROUP—ASSETS OF SEVERAL HUNDRED MILLION US \$

We invite applications from qualified accountants (CA, ACA, CPA, AACCA or ACMA) aged 30-50, fluent in modern Greek, who have acquired at least 5 years' post-qualification practical commercial/industrial experience, and at least two years at senior management level. The successful candidate (job ref. no. 3871/FT) will be fully responsible for the total accounting function, and improvement of financial control, management reporting systems and cash management etc. The other position (job ref. no. 3872/FT) will cover the control of the accounting operation in a major oil refinery and a shipyard, involving improvement of cost control methods and management reporting systems. In both positions about 10% away travel will be necessary. Initial salary negotiable 35,000 US \$ - 50,000 US \$ + car, free furnished accommodation, relocation expenses, and annual leave air passage. Applications in strict confidence stating appropriate reference number to the Managing Director:

CAMPBELL-JOHNSTON ASSOCIATES (MANAGEMENT RECRUITMENT CONSULTANTS) LIMITED,  
35 NEW BROAD STREET, LONDON EC2M 1NH - TEL: 01-588 3588 or 01-588 3576 - TELEX: 887374

Opportunity to make significant contribution with prospects of becoming Credit Manager in 2 years

## ASSISTANT CREDIT MANAGER CREDIT ANALYST

£6,500—£8,000  
c.£5,000

LEADING EXPORT FINANCE HOUSE—SUBSIDIARY OF MAJOR BRITISH BANKING ORGANISATION

We invite applications for the post of Assistant Credit Manager from candidates, qualified A.I.B. or A.C.I.S., and with a minimum of three years' experience in credit analysis, preferably involving short/medium-term Eurocurrency loans. Responsibility will be to the Credit Manager for evaluation of credit applications to £500,000, with an increasing role in the supervision of the credit team. Initial salary negotiable £6,500-£8,000, with competitive benefits (the post of Credit Manager warrants additionally a Company Car). A vacancy exists also for a Credit Analyst with similar but lower responsibilities: suitable for recently qualified or part-qualified candidates, preferred age 22-26—salary negotiable c.£5,000 plus similar fringe benefits and good prospects for further advancement. Applications in strict confidence under reference (Assistant Credit Manager) ACM10485/FT or (Credit Analyst) CA10485/FT will be forwarded unopened to our Client, unless you list companies to which they should not be forwarded in a covering letter marked for the attention of the Security Manager:

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 35 NEW BROAD STREET, LONDON EC2M 1NH

## Head of Financial Planning

International Banking London

Bank of America, the world's largest international bank, is seeking an experienced professional to implement financial planning, analysis and control procedures across its Europe, Middle East and Africa Division. Policy formulation, the development of new planning strategies, and profitability improvement projects are major aspects of this challenging appointment.

Candidates, graduates or MBAs aged 28-35, should have at least five years' experience in the development and operation of advanced financial planning, budgeting and control systems including responsibility for financial review presentations, at a management level, preferably in a multi-national environment.

Exceptional career development opportunities exist within the Bank's international operations. Salary will reflect the senior nature of this appointment, and benefits are in line with best banking practice.

Write in strictest confidence with full personal, salary and career details to: G.L. Hope, Bank of America NT & SA, Personnel Planning & Recruitment, 25 Cannon Street, London, EC4P 4HN.



BANK OF AMERICA

## Senior Investment/Fixed Assets Accountant

c.£14,000 'Tax Free' on the Mediterranean

If you are a qualified accountant with 5 or more years' experience of controlling fixed asset accounts with an oil company then you could be well on your way to a new career opportunity on the shores of the Mediterranean with Occidental, one of the world's most progressive and rapidly expanding oil companies.

Occidental have operated in Libya for over 10 years and now, in partnership with the Libyan National Oil Company, are embarking on a massive new programme of oilfield development calling for additional specialists to provide professional back-up services at Occidental's head office in Tripoli.

The successful applicant will be assisted by a team of 3 accountants, and will be responsible for planning and performing inventories of fixed assets, noting and adjusting variances between physical checks

and Company records; and for reviewing and modifying existing accounting methods. We are offering a highly competitive salary package and a signature bonus for direct hire applicants, equivalent to 25% of the annual base salary, before tax. The position will be on resident status, with generous housing, cost-of-living, and vacation travel allowances. BUPA cover along with full assistance to relocate you and your family to Tripoli. If you have the qualifications and experience to match our requirements, please send your detailed resume, or phone for an application form—

Test Connolly  
Occidental of Libya Recruiting  
Gillingham House  
38/44 Gillingham Street  
London SW1V 1HU  
Tel: 01-828 7711

OXYLIBYA

## Manager Economic Forecasting

Midland Bank proposes to make a Senior appointment to its Economics Staff with responsibility for co-ordinating and further developing economic forecasting activities within the Midland Bank Group. The person appointed will work closely with the Group's Economic Adviser and in its Economics Department of over 20 professional economists, who are increasingly involved in corporate planning as an essential feature of the Group's development throughout the world. Computer facilities available include access to the London Business School's econometric model.

Applicants should have good academic qualifications, preferably in economics and econometrics, together with experience in the application of quantitative techniques. The job would be located in London or Sheffield but initially in London. Salary within the range of £10,000-£12,000 together with car and other fringe benefits associated with the banking industry.

Further particulars may be obtained from Midland Bank, Economics Department, Griffin House, Pennine Centre, 41 Silver Street Head, Sheffield S1 3GG.

Applications to include curriculum vitae should be sent by September 10th to:

Midland Bank, Personnel Division, Courtwood House, Silver Street Head, Sheffield S1 3RD.

Names of three referees will be required which may be included with the application.



Midland Bank



## Assistant Company Secretary

North West, c. £6,500

Our clients, an established public company, manufacture paint and wallcoverings, sold nationally through their own and other retail outlets, and through wholesalers. Increasing activity has created the need for an Assistant Company Secretary to take over the everyday running of a small department involved with Pensions, Property and Insurance plus statutory requirements and general secretarial matters. Applicants, aged 25-45, will be qualified, ACIS or ACA, who have worked in the Secretariat of a public company and are now looking for additional responsibilities and experience. Relocation assistance is provided.

C. G. Moores, Ref: 24127/FT

Male or female candidates should telephone in confidence for a Personal History Form to:  
MANCHESTER: 061-236 8981, Sun Life House, 3 Charlotte St, M1 4HB.

### Hoggett Bowers

Executive Selection Consultants

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## Corporate Accountant

Computerised Accounting Systems

Central London, to £8,500

Our clients are a successful, UK based, engineering company enjoying impressive growth and an excellent export record. This important position has arisen in a company noted for its prospects of career advancement into line management. Reporting to the Company Accounting Manager, and deputising for him in his absence, the successful candidate will assume responsibility for the development, introduction and implementation of computerised accounting systems throughout the group. Other major duties will include consolidation and solving group accounting problems. Applicants will be aged 25-32, ideally graduate ACA's with experience in the profession, or a large company, of consolidations and auditing or implementation of computer based accountancy systems. There will be some travel in the UK and fringe benefits are excellent.

N.P.S. Lilley, Ref: 22081/FT

Male or female candidates should telephone in confidence for a Personal History Form to:  
LONDON: 01-734 6852, Sutherland House, Argyll Street, W1E 6EZ.

### Hoggett Bowers

Executive Selection Consultants

BIRMINGHAM, CARDIFF, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE and SHEFFIELD.

## POTTER PARTNERS

### INSTITUTIONAL SALES - LONDON

We are seeking an experienced Institutional Dealer/Advisor to join the staff of our London office. Preferred age 27-35 years.

Creativity is the key requirement - an ability to recognise and to market attractive investment opportunities to the firm's international institutional clients.

A sound knowledge of the Australian market is essential and full support will be provided by the firm's various research activities.

An attractive salary will be offered to the right person and the prospects ahead are excellent.

### INVESTMENT ANALYST - LONDON

A vacancy also exists for an Investment Analyst. Preferred age around 25 years.

Applicants should be professionally qualified and a knowledge of the Australian economy would be a distinct advantage. The successful candidate will become responsible, after a short period of training, for the maintenance of a comprehensive research service on Australian companies, in conjunction with the firm's Australian Research Department.

An attractive salary will be negotiated commensurate with age and experience.

Applications in confidence to:

G. N. Webb

POTTER PARTNERS

Estates House, 66 Gresham Street, London EC2V 7AP  
Telephone: 01-606 0431

## SENIOR

### FOOD EXECUTIVE

A vacancy has arisen for a Senior Food Executive in the Distributive Food Industry with an organisation anticipating food turnover this year in excess of £325,000,000.

Applicants should have adequate experience of command, be able to produce acceptable trading records of achievement to net profit level, and have the ability and ambition to progress to the next rank, that of top Executive in this field, in a short time.

Location is in the North West of England and a car will be provided which may be used privately. Assistance will be given towards relocation expenses. Superannuation Fund with power to transfer benefits from other approved schemes operates.

Applicants should, in the first instance, state present position, age and give brief details of experience. Official application forms will be forwarded to selected candidates.

Applications should be received within 14 days of the date of this advertisement.

Replies to Box A6436

Financial Times

16 Cannon Street, EC4P 4BY

## COMPANY ACCOUNTANT

A leading firm of West End Retail Jewellers requires a qualified Accountant with post-qualification, preferably commercial, experience.

The person appointed will report to the Managing Director and will take responsibility for preparation of periodical and annual Accounts, day-to-day control of financial and personnel matters, and will be appointed Company Secretary. The post requires a good personality and carries excellent prospects. Age 25-35, salary £8,000 plus non-contributory Pension Scheme, etc.

Please apply in writing with full career details to H. Lomax, Savers' Baderborth, 52 Brook Street, London W1Y 3DB.

## Foreign Exchange Manager/ Chief Dealer

London

An old established Australasian Bank wishes to appoint an experienced Dealer to establish and develop a Dealers Room in London.

Applicants should have several years' experience in both Foreign Exchange and Euro Currency operations as well as an ability to supervise the introduction of appropriate back-up accounting procedures.

This is a career appointment and accordingly the person appointed will be able to demonstrate a wish to gradually develop a presence in the Market appropriate to our needs. The remuneration package offered will reflect the importance of the position.

All applications, which will be treated in confidence, should include full details of career experience to date and should be submitted in writing to Box 301, Streets Financial Limited, 62 Wilson Street, Finsbury Square, London EC2A 2BU.

## YOUNG-CHARTERED ACCOUNTANTS

£7,500

Tax Free Plus All Expenses

If worldwide travel, allied to very real career prospects is what you seek, this multinational group offers an almost unique opportunity for recently qualified accountants to undertake various ad hoc duties including in-depth audit, management information etc. at offices throughout the world. First class accommodation and travel at company expense is only part of this career package. Contact Jane de Sion on 01-838 8055.

Churchill Personnel Consultants

## Managing Director

### Overseas Joint Ventures

Midlands based, this appointment calls for a seasoned negotiator with entrepreneurial skills developed in a profit responsible general or commercial management role.

Overseas experience, preferably in third world or developing countries, will be needed. A civil engineering qualification and background is desirable. Age 35 to 50.

Responsibility will be to the Managing Director of an eight figure turnover manufacturing group - an acknowledged leader in its sector of the construction industry - for the group's overseas joint venture operations.

The task will be to survey potential markets, identify investment opportunities, and establish and subsequently develop the viability of joint ventures.

Remuneration not less than £12,500. Car. Re-location help.

Please send concise career details - in confidence - to  
E. I. Clark ref. B.75056.

This appointment is open to men and women.

United Kingdom Australia Belgium Canada  
France Germany Holland Ireland Italy  
New Zealand South Africa South America  
Sweden Switzerland U.S.A.

International Management Consultants

Union Chambers 63 Temple Row Birmingham B2 5NS

## Financial Controller

to £10,000+ car  
Hertfordshire

Major engineering concern with high export content wishes to appoint a qualified Accountant (preferably Chartered) to the position of Financial Controller.

Knowledge of the financial management and control of large overseas and UK Government contracts would be useful but not essential.

Applications, including full details of career to date, will be treated in strict confidence and should be forwarded to R. M. Marshall, Robert Marshall Advertising Limited, 30 Wellington Street, London WC2E 7BD. Please list in a covering note any companies to whom you do not wish your application forwarded.

Robert Marshall Advertising Limited



## Treasury Accountant

around £8500: car provided

... for a large company based in Central London, which has diverse interests in the food industry.

The job reports to the Group Treasurer and carries responsibility for specifying, forecasting, planning for and reporting upon our cash management requirements including working capital, fixed asset expenditure controls and foreign exchange exposure, as well as assisting in determining the best methods to meet the Group's financing requirements. Close and regular liaison with subsidiary companies is involved.

Candidates, ACA or ACCA, must have at least four years' post-qualification experience which has given them a very sound grounding in financial accounting, a good working knowledge of cash flow accounting and forecasting, and experience in the design and operation of both computer and manual systems.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ref. B.1986.

This appointment is open to men and women.

CONFIDENTIAL 17 STRATTON STREET  
LONDON  
W1X 6DB  
RECRUITMENT

A member of MSL Group International

## Senior Financial Systems Analyst

London

c £9000

The Financial Systems & Development Department is concerned with developing and implementing new accounting systems and new approaches to the problems of financial planning and control. A recent project has been the introduction of a large-scale budgetary modelling system.

We now wish to appoint a Senior Analyst (male or female) within the Group whose responsibilities will include the further development of our accounting and associated systems.

The main qualifications for this position are a sound understanding of the principles of finance, accounting and systems analysis, coupled with wide experience of computers and computerised systems. Formal accounting qualifications, while desirable, are not as important as a record of practical achievement.

The annual salary range for this position is £3613-£3963 (inclusive of £456 Inner London Weighting). The actual starting point is negotiable within this range.

Please write with full details of age, qualifications, experience and current salary, quoting reference F/030501/T/FT, to the Assistant Personnel Manager, British Gas, 59 Brynston Street, London W1A 2AZ. Closing date for applications is 28 August 1978.

BRITISH GAS



## FINANCIAL MANAGER

CHANNEL ISLANDS

c. £10,000

Our client is a commercial engineering undertaking which provides diverse essential services to the community. This key appointment will appeal to a qualified accountant with sound commercial experience, aged 35 or over, who values the quality of life in an area where the personal tax rate is 20%.

Supported by an adequate and experienced staff, the appointee will be responsible to the Chief Executive for the whole financial and administrative functions including the appraisal and continued development of existing computerised systems. As a member of the management team he/she will provide financial advice to the Board generally particularly concerning the implications of the economic situation on operating efficiency and future investments. Commercial awareness, the ability to conduct top level negotiations and maximise profitability are essential requirements for this challenging position.

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c. £12,000 plus bonus  
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## The Marketing Scene

## Pan Am's \$30m a win for Ayer

AS PART OF A \$100m hat-trick of recent successes, N. W. Ayer ABM International has won the battle for Pan American World Airways' international advertising account, worth \$30m-plus, in recent weeks, Ayer ABM has relieved J. Walter Thompson of the \$22m U.S. 7-UP business and successfully defended the U.S. Army recruitment account, now worth \$50m-plus.

According to William Waltrip, Pan-Am's vice-president for marketing and services, Ayer's appointment is effective from September 1 in the U.S. and from October 1 overseas, writes Michael Thompson-Neel.

The agency says it wants to communicate a clear, consistent international image. Previously, the account was split between Allen & Gargano, which handled \$12m worth of domestic U.S. Pan Am advertising, and J.W.T., which handled \$20m worth internationally.

News that Pan American was seeking a single agency came on May 16. During the selection process, 20 of the largest U.S. agencies with international networks pitched in. By the time J.W.T. was K.O'd, the final review had become a straight fight between Needham, Harper & Steers, McCann-Erickson, Grey Advertising and N.W. Ayer.

McCann was touted as the likely winner following a string of international account gains. "That's the McCann posture," an observer said last night. "They play a very hard game."

McCann's most recent U.S. success was the capture of Kodak's \$3m from J.W.T. For the British arm of Ayer ABM, Charles Barker ABM International, Pan Am represents an estimated \$10m gain for its consumer agency, Ayer Barker Hegemann, of up to \$250,000.

ABM clients include Harp Lager and the Midland Bank as well as the recently acquired, \$800,000 Mercedes truck business. It is showing projected billings this year of \$15m-plus, 25 per cent up on last year's.

According to William Waltrip, "The objective of the search was to find an agency most capable of creating and implementing a worldwide advertising which will communicate a clear, consistent image of Pan Am to travellers and the travel trade. We feel confident that N.W. Ayer best demonstrates that capability."

## The facts that face the bread queue

BY MICHAEL THOMPSON-NOEL

NOW THAT most of us eat cake—not because we are decadent or frivolous but because of the unsolicited nastiness of most modern bread—the millers and the bakers, including Associated British Foods and Rank Hovis McDougall, have formed the British Baking Group with which they plan an attack on the historic decline of the great British loaf. In a sense, it is reminiscent of how Wall's launched its famous Sausage Revival campaign two years ago—a clever bit of marketing which used Alf Garnett to stress that the sausage was part of your natural heritage, brother.

However, the stakes for which the Bread Advertising Group is playing are altogether bigger. Its plans include a long-term, multi-million pound campaign worth \$1.25m to \$1.5m a year starting later this autumn, through the length of the campaign is dependent on a "satellite" change in public attitudes towards bread.

Several top agencies are competing for this prestige slice of business. As several lesser ones have noted, even been asked, as to the last count, the main contenders included J. Walter Thompson, Saatchi & Saatchi, Ogilvy & Mather, McCann-Erickson, Grey Advertising and N.W. Ayer.

What agency will they come up with? We shall soon find out, though in the meantime it is instructive to see how the millers and the bakers themselves, under the pressures of a

commercial disaster area known as the bread market, have framed the question. To do that, all we need is a copy of the campaign brief to which the agencies are working, and a digestible document it turns out to be.

Bread sales in Britain have been declining for the best part of a century. From 1961 to 1977, total UK domestic consumption slumped by 28 per cent, from 45.17 quints per head per week to 32.73 ounces of which the bulk (25.90 ounces last year) was white bread. At current rates, wrapped white bread is accounting for 23 per cent of sales, brown bread, including wholemeal, for only 11.3 per cent.

In paraphrased form, though with its self-defensiveness intact, this is the bakers' brief:

1—Contributory reasons for the decline of bread can be summarised as follows:

(a) Progressive increases in living standards have inspired competition from a wider variety of more expensive foods.

(b) The media have been victorious in persistent criticism of white bread, particularly wrapped and sliced, so that bread, unlike other common foods such as meat, eggs and milk, suffers from a relatively poor public reputation implying that it contributes only carbohydrates to the diet. This is entirely untrue; bread not only provides a major contribution to our protein intake, but supplies a shift towards more sophisticated, prestigious and convenient types of food made possible by

increasing affluence and changing patterns of life.

It should be added that after many years of decline, bread consumption in the U.S. appears to have stabilised, though at a significantly lower level than in Britain.

We envisage a qualitative TV campaign with a strong emphasis on nutrition and comparative value for money. Additionally, we require some form of PR activity aimed at opinion formers.

There will be a client committee of three, which will be known as the Bread Advertising Committee. A senior director will be required to represent the agency and to control the campaign under the direction of the committee. The quality and stature of such an executive offered by the agency will have a strong bearing on the agency selected.

After the war a generic campaign, "Use your loaf, begin in 1957 and ran into the TV advertising era. Undoubtedly this slowed the rate of decline, but the decline continued. A further generic campaign, Six Slices a Day is the Well Balanced Way, was started in 1971, but was stopped before its effect could be properly judged. No further generic advertising has been undertaken since.

Consumption has continued to decline, with the exception of the years 1974 and 1975, when bread price control was introduced. Branded advertising has taken place frequently, but does not appear to have affected the size of the overall market. It has advocated much.



The real thing: Cyril Pucknell, a master baker for 20 years, and his son at work in their Manor Bakery in Wallington, Surrey. They use a 100-year-old, side-buc, brick oven.

seems likely that unless generic advertising is undertaken now, the decline will continue.

The bread industry of this country is made up of a large number of small master bakers and a few large firms producing bread from plant bakeries. The latter part of the industry has suffered from over-capacity, but this has now been largely corrected. Bakery profits are still unfortunately minimal, and the industry is fragmented. It is for these reasons, and because 65 per cent of flour milling output is for bread, that the millers have decided to finance a major bread sales campaign.

Medical and nutritional opinion over the past years has criticised white bread for the lack of some nutrients and dietary fibre, which are removed in the milling process. It has advocated much.

wholemeal bread. Owing to the obvious public preference for white bread, this has led to an increase in consumption of fibre in breakfast foods, rather than in the consumption of wholemeal bread. However, in the face of the menace of early death due to heart disease, medical and nutritional opinion has recently changed, and can now be broadened, and can now be summed up, very simply, as: Eat less fat, eat less sugar, eat more cereals and fibre.

On this basis there is the possibility of increasing bread sales overall. However, an advertising campaign to this end should not rely too simply on "Eat more—", since the one unassailable nutritional fact in this country is that we all eat too much.

The aim of a generic campaign must be to change the attitude to bread of the greatest possible number of people, many of whom pay scant attention to the nutritional qualities of the food they eat. The message must be simple and appealing, with a slogan that will stand the test of time. It should stress that bread is not just a dull food, that a large variety of bread is available in this country, that it is good value for money, and that it has sound nutritional qualities, that is, the campaign should have a simple mass-appeal based on reliable nutritional opinion.

Outlets for the main campaign are obviously television and women's magazines, since women are the chief buyers of bread. However, it should be backed up with opinion forming advertising in the influential Press. It will also be supported by public relations activities undertaken in co-ordination, but on a separate budget, by the Flour Advisory Bureau, the publicity arm of the National Association of British and Irish Millers.

Currently a successful bread advertising campaign is being run in Sweden based on government-sponsored dietary goals, and other European countries are attempting to arrest the decline in bread consumption by combined advertising and public relations. In the U.S. branded advertising is taking up the challenge.

And that is the bakers' brief. The task of halting, let alone reversing, the slump in bread sales is one of the most daunting challenges thrown down to the advertising business in the past 10 years. Let us see how it performs.

## ABM plans expansion; Saatchi Group No. 2

WITH PROPOSED billings now in excess of \$10m, Allen, Brady & Marsh say it plans major expansion of its associate agency, Kershaw Advertising and Marketing. Kershaw is being renamed ABM Kershaw and ABM chairman Peter Marsh says he plans substantial investment to build the largest unit into a major force in its own right.

In recent times ABM's advertising and marketing has produced a series of consecutive successful competitive pitches, including Harp Lager, Berger Paints, BAT Super Express 555, Sealink and Haverthwaite. But in the last 12 months, says Mr.

Marsh, the agency has had to turn down six opportunities to compete for business worth \$4m-plus.

"We have to ensure that we have the capacity to give the best possible service to existing and new clients, and the six opportunities we turned down would have stretched our capacity to unreasonable limits."

With so much new business around, the agency decided to invest heavily to create just that capacity in the new agency, ABM Kershaw, just as J.W.T. did with Lansdowne and McCann did with Universal and McCann.

The aim is that the new agency will be fully operational in its own right early next year. Its first client is James Walker, the jeweller.

Managing director of ABM Kershaw will be David Pearson, current joint managing director of ABM. David Crockett Appleby (most recently of de Villiers and Schönfeldt, the leading South African agency), is joining ABM on August 14 as head of client services and joint managing director.

Peter Marsh said last night that Crockett Appleby's arrival "close on the heels of Gordon Medcalf, will still further

strengthen our management and move us closer to my ambition to make ABM the best managed agency anywhere."

It is also his off-repeated ambition to make ABM the biggest British-owned advertising group.

RECENT ACCOUNT moves in London have altered the ranking of Britain's top advertising groups, with the Saatchi and Saatchi interests now second only to Interpublic. According to Saatchi's own analysis of the latest figures, the current top ten groups in terms of MEAL billings are: 1. Interpublic (which includes the McCann satellites in

and Wasey's, \$59.5m; 2. Saatchi and Saatchi, \$51.5m; 3. J.W.T. Group, \$50.8m; 4. Ogilvy and Mather, \$50.5m; 5. D'Arcy-MacManus and Masius, \$49.2m; 6. Collett, Dickenson Pearce, \$32.4m; 7. Dorland Group, \$22.5m; 8. Young and Rubicam, \$22.4m; 9. Ted Bates, \$21.9m; 10. Leo Burnett, \$20.2m.

ANOTHER SIM account is on the loose. Lloyds Industries, part of Holt-Lloyd International, has bid farewell to its three agencies—Grey Advertising, Summerfield and James, and Clough, Howard and Richards of Manchester—and is seeking to consolidate its advertising in



Peter Marsh, chairman of ABM, a single agency or media-buying agency. Lloyds Industries recently entered the UK D-T market; its parent claims to dominate European automotive D-T sales.

Charles Barker Recruitment is to handle all recruitment advertising for Rolls-Royce, currently worth £300,000 a year.

## Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## METALWORKING

## Robot in hot powder forging operation

HOT-FORGING via the powder metalurgy route is gaining a great deal of interest among engineers, particularly in the U.S. and Sweden. In the former country, Siemens, Sintering and Plasmas (SSP) have been pioneers in the technology, starting its investigations into it some ten years ago.

Contrasted with conventional forging procedures, hot P/M forging permits better control of physical properties, and results in a part needing less machining. But, if castings cannot be kept low, these benefits soon disappear.

ESP, to achieve this goal of low costs, is using robot handling on production runs in which lot sizes run from 10,000 to 40,000 pieces.

The equipment used is a Unimate industrial robot and production labour has been roughly halved.

The decision to go over to the robot handler was made some three years ago and it resulted in the development of what is an interlocked, and synchronized production system made up of the feeder for the sintered compact parts, the controlled atmosphere furnace, the forging presses and the robot itself. It has been found by exper-

ience that the set-up of economical even with production lot quantities as low as 2,000 parts. Smallest part handled has maximum dimensions little over 1 in. and the largest up to 4 1/2 in. long. Parts weight limit is 2 1/2 lb. the capacity of the furnace.

Production rate is one hot-forged P/M part each 12 to 15 seconds, depending on the type of part being forged—some have a projected area of 8 to 7 sq in. and are 1 in. thick. In two-cavity die is used, forging production will be about doubled.

General-purpose robots of this type are programmable, particularly in hot metal, and are able to control and synchronize the equipment with which they are working. The ESP unit has an electronic memory and control system to direct the actuator arm.

Unimate is building machines with hot arm and wrist movements and memory size runs from 128 to 2,048 steps—most industrial jobs need no more than 100 steps. Positioning repeatability is to 0.05 in.

Unimation Europe, Units A3/A4, Stafford Park 4, Bedford, Salop TF9 5AX. 0552 543551.

## INSTRUMENTS

## Co-ordinate checks made precisely

MOVING into the larger end of mechanical component measurement, C. E. Johnson has developed the Cordimet 1200 co-ordinate measuring machine offering a capacity of 1200 x 800 x 50 mm.

The instrument has a bridge construction with the bridge carriage moving in the x-axis; for y-axis movement the whole bridge runs on the bridge bearings at the two ends, while the central column on the bridge carriage moves up and down for z-axis data.

The bridge runs on a massive granite table and to further improve stability is itself fabricated from granite. Air bearings are also used for the carriage, so that manual displacement of the measuring probe requires little effort and wear is eliminated.

Resolution of the machine is 0.002 mm while the repeatability is of the same order. Readings appear on a digital display on a separate console which also provides computational facilities via a micro-processor.

More from the company at 50, High Street, Nonington Regis, Dunstable, Beds (GB) 28151.

## Finds flaws in metals

A PARTICULARLY compact ultrasonic flaw detector has been put on the market by Bang and Neeson which is priced at £1,000. It is claimed to have resolution and sensitivity comparable with more expensive instruments.

Measuring only 131 x 180 x 257 mm and weighing 4.5 kg, the instrument is able to detect flaws in steel, for example, over a depth range of 10 mm to nearly 7 metres.

Tests can be carried out using single probe, double probe and separate transmission and receiving probe methods with an operating frequency in the range 0.5 to 15 MHz. High screen brightness and good accessibility of controls help to make the instrument easy to operate.

Time has delay is continuously variable up to 300 mm (steel) while suppression is similarly variable up to the equivalent of signals which are twice screen height. The input attenuation range of 0 to 80 dB is calibrated in 2 dB steps for accurate measurements of changes in signal amplitude.

More from the company at 50, High Street, Nonington Regis, Dunstable, Beds (GB) 28151.

## TEXTILES

## Stops fabrics from shrinking

NEW CONCEPT in the finishing of fabrics—the Juki process—reduces shrinkage, improves the quality of the finished fabric and makes it easier to work with.

In addition, the new process, which uses liquid nitrogen, promises to be more economic and efficient than conventional methods of reducing shrinkage.

At the heart of the process is a sponging machine, which uses the intense cold of liquid nitrogen. It can operate at high speeds and treat a wide range of fabrics.

The machine is being marketed in Britain by Neston Textile Machinery Company, Loughborough, Leicestershire, in conjunction with BOC, who will supply the liquid nitrogen.

The process has been developed and successfully used in Japan. The UK is only the second country to adopt the new technique.

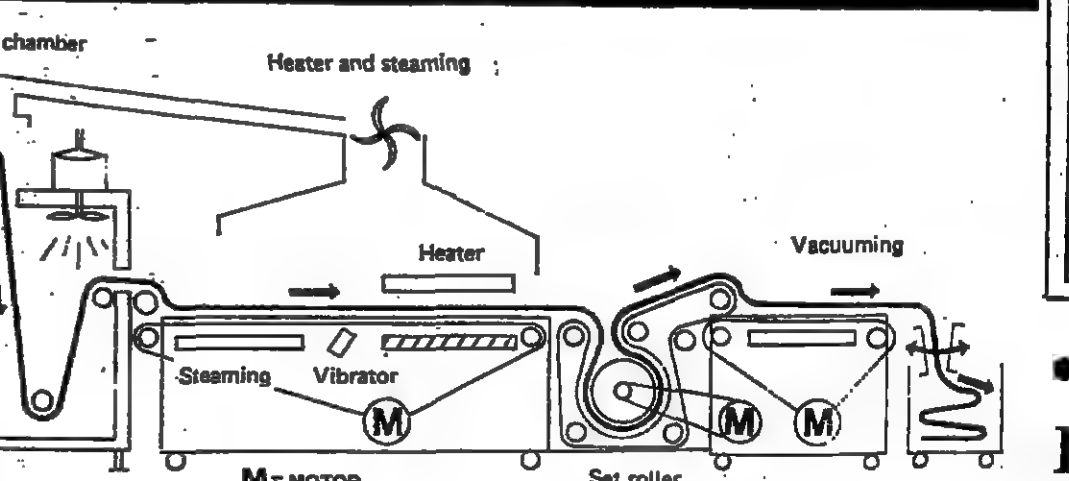
Apart from speed and versatility, other benefits include a better feel and look to the finished garment, lower resistance to the passage of a needle and a reduced tendency of fine knitted yarns, such as jersey, to break during sewing.

During the manufacture of fabrics, residual stresses remain medium of 15 minutes and high speed of 15-20 minutes.

Effective with iron, steel and brass, Hylogrip locks and seals metal faces together by means of a monomeric or low polymeric material which polymerises in the absence of air, using the metal as a catalyst.

A Hylogrip primer is also available in 4 and 1 litre bottles, and may be used to give an accelerated curing time. It has the advantage of removing oil and grease from the surfaces to be bonded.

Marston Lubricants, Naylor Street, Liverpool. 051 227 1177.



## MATERIALS

## Tight seal for joints

PATENTED, a low-cost compound for sealing and locking metal-to-metal joints, including threads of set screws, nuts and bolts, and studs and castings, has been introduced by Marston Lubricants, adhesive and sealant specialists.

Available in three grades to give high, medium or low viscosity and three torque breaking strengths, the product, called Hylogrip, will cover all the requirements of a locking and retaining compound, so simplifying the selection problems of engineers.

With application in the automotive, marine and domestic appliance manufacturing industries and in general engineering, Hylogrip can also be used for metal-to-metal cylindrical components or face-to-face joints where it is required to retain the joint without movement.

Curing time varies according to viscosity—low viscosity has an average cure time of 10 minutes, medium of 15 minutes and high speed of 15-20 minutes.

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During the manufacture of fabrics, residual stresses remain



## PROCESSING

## Big brick kiln built in sections

THE FIRST kiln of its type to be supplied to the brick industry by British Ceramic Service Company has just been brought into operation at the Yorkshire Brick Company's Stairfoot works, near Barnsley, Yorks.

The kiln, which has cost about £1m, has an 82 metres long tunnel, is two metres wide and has a height of 1.25 metres. It is fitted with 52 burners each capable of firing on natural gas or oil and has 39 kiln cars which pass through it slowly carrying the bricks to be fired.

temperature of 1,050 degrees C is maintained automatically.

The kiln was constructed from 32 separate sections which were produced at British Ceramic Service's Stoke-on-Trent works and as each section was completed it was taken to the Stairfoot plant so that the tunnel could be completed in the shortest time. Total weight of the kiln is 558 tons and it is designed to produce 200,000 facing and engineering bricks per week.

## Pendant does many jobs

INTENDED to automate any milling machine with clutch-operated or non-servo drives, the Aeromatic variable cycle controller (VCC) is to be shown fitted for the first time to a Cincinnati Milacron 2MK horizontal miller at PEP, the machine tool exhibition which will take place at Olympia, London, from October 2 to 7.

The Aeromatic VCC looks like any other machine tool control pendant, but this is a deceptive appearance since it can do much more, using the latest electronic techniques.

VCC can provide complete automatic cycling and sequential axis positioning from a simple manual input, and this can be achieved without lengthy machine setting operations normally associated with sequence controllers based on trip dogs.

lead screw inaccuracies and backlash.

Adaptive dynamic compensation automatically corrects any difference between programmed position and actual position. When the slide reaches a commanded position, the feed to that axis is turned off. The controller continuously monitors the commanded position and the actual position as indicated by the encoders. The difference between the two is registered in the controller. So to correct for any difference observed, the latter automatically adds in a compensation factor in the next cycle.

Once this has been done during machine set-up, this value will, if necessary, be modified automatically in increments either of plus or minus 0.01 mm or 0.0005 in, to correct for minor machine inaccuracies during the production run.

Memory storage extends to 32 programmable events.

Further details from Cincinnati Milacron, electronic systems division, Caxton Road, Bedford MK41 0BT. 0234 452211.

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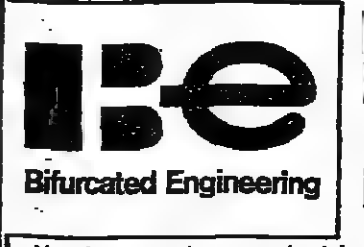
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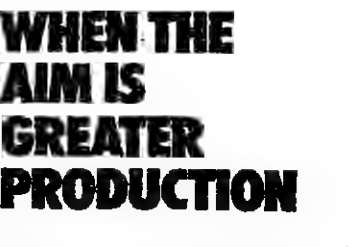
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Nearly everywhere you look in manufacturing industry, BE Group machines, equipment and know-how are helping to cut production costs. From rivets and rivet setting machines to parts feeding and assembly machines, net weighing and weigh/count systems and many other automatic processes, BE Group members are specialists in creative engineering, design and manufacture. Shouldn't you know more about it?

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## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4A 3DF

Telegrams: Finantime, London P84. Telex: 886341/2, 883897

Telephone: 01-243 8000

Thursday August 10 1978

## High stakes at Camp David

PRESIDENT CARTER is considering raising the stakes in the Middle East negotiating process by convening the meeting early next month with Mr. Sadat and Mr. Begin at Camp David. The announcement comes at a time when both Israel and Egypt have shown signs of diminished flexibility, while the meeting itself will be close to two important dates in the Middle East calendar: first, towards the end of September, the Sinai disengagement agreement of 1973 comes up for renewal; and secondly, October has been set by Mr. Sadat as the month during which he will review his Middle East peace initiative, which began with the visit to Jerusalem last November.

## Intransigent

It does not appear to have been very difficult for Mr. Cyrus Vance, the U.S. Secretary of State, to secure the agreement of Mr. Begin and Mr. Sadat to take part in the Camp David summit. Mr. Begin could not have refused without again appearing the more intransigent of the two men—something which Mr. Sadat has been doing lately with his demand after the inconclusive Leeds Castle meeting of foreign ministers last month that Israel must commit itself to withdrawal from the West Bank and Gaza Strip before peace talks could continue. For Mr. Sadat the Camp David meeting is a sufficiently lofty forum to enable him to extricate himself from the implications of that statement, and at the same time to demonstrate to American public opinion, which has been showing some signs of restlessness with him, that he is not obstructing the peace process.

The first consideration is very important because Mr. Sadat has been under especially heavy pressure in recent weeks from other Arab states to accept the failure of his peace initiative and allow a degree of unity to be re-created in a fissured Arab world. Significantly this pressure has mainly come from Saudi Arabia which, never excessively enthusiastic about the Jerusalem visit in the first place, has recently been explor-

## Positive role

ing what is needed to achieve a rapprochement with the Arab rejectionists. Yet this is a factor which may limit his freedom of manoeuvre at the Camp David summit. He has already given up some ground for which other Arabs will not lightly forgive him: he has for example dropped his commitment to the Palestine Liberation Organisation in respect of the occupied territories and ignored Syria's claim to the restoration of the Golan Heights. This may be the moment for Mr. Begin to make an advance on Israel's official negotiating stance.

Much depends on what role the U.S. Government plays at the meeting. Mr. Carter is no doubt conscious of the fact that a successful conference could help retrieve his somewhat battered reputation in foreign affairs and boost his domestic position before the mid-term Congressional elections.

Mr. Vance has indicated that the U.S. still wants to remain the neutral chairman, rather than to take an active role in imposing a settlement. He may feel that the U.S. can best assist by intervening in the talks as the need arises to remove obstacles and misunderstandings rather than by presenting its own proposals and attempting to gain their acceptance. This is likely to be more acceptable to Israel, which is extremely sensitive to any suggestion of U.S. pressure on it. Mr. Sadat feels, however, that given the advantages Israel possesses both in military strength and in underlying political support in the U.S., the Carter Administration must take a highly positive role if there is to be any chance of progress.

A summit meeting with direct U.S. involvement is unprecedented and the consequences of failure are obvious. But there are another three and a half weeks to go before the summit takes place—time for preparations to be made and new positions considered which could ensure that the meeting at least opens the way to a more fruitful negotiating process than we have seen so far.

## Cartels are not easy

STEEL shipbuilding, and man-made fibres would feature high on anyone's list of manufacturing industries which have been hit especially hard by the slow down in world trade. Cyclical problems are not a new experience for any of them. But the present recession has gone deeper and has lasted longer than any that have been seen since the 1930s. The difficulties that has created for the producers of Western Europe, North America, and Japan have been made no easier to resolve by the emergence of substantial production and export capacity in some of the lesser developed nations, a process which is still continuing.

In each industry, discussions have been held at international level with a view to achieving a co-ordinated approach to the problems of over-capacity and competitive price-cutting. The talks have involved different groups of countries and have travelled along different paths, but they have all made only limited, albeit varying, progress.

## Hurdles

The EEC fibre producers appeared to have achieved the most success before their capacity and production agreement was stalled by the European Commission. The agreement was designed to stabilise fibre capacity within the Common Market and then to reduce it in a way which would satisfy the interests of the producers of Northern Europe, who had been already adapting to the lower levels of demand by closing and rationalising their plants, and those of Italy who had a lower share of the fibres market and wanted to catch up.

The stumbling block has been the Commission's unwillingness (and probably eventually also the Council of Ministers') to sanction a derogation from the Community's competition rules which might permit the formation of similar "crisis cartels" in other sectors. Even if this hurdle were to be surmounted, it is an open question whether the cartel could be made to work in the face of continuing pressure from imports not only of fibre, but also of textile and clothing products with which the fibre makers' own customers have to compete.

## Share out

Not everyone would accept cartels as a way of managing industrial crises. They may help to share out difficulties and they may ease or make more politically acceptable the process of adapting to new patterns of demand. But, as experience earlier this century showed, they will work only if the participants have the will to make them work and are prepared to accept a measure of common discipline.

Either way, with or without cartels, there can be only one aim. This must be to bring about a better and reasonably expeditious balance between supply and demand in a way which promotes the long-term health of the industry without imposing too great a demand either through artificially high prices or the consumer or through excessive subsidisation on the taxpayer.

## Behind the car sales boom

BY TERRY DODSWORTH, Motor Industry Correspondent

BRITISH car registrations are very likely to come close to a record in 1978. Indeed, if the early figures for August are anything to go by, the 1.66m sales in 1973 could well be exceeded by a comfortable margin. Many dealers believe that they have that target licked already. "Virtually everything is sold," says one ebullient salesman in London. "As soon as cars come into the showroom we are chucking them out of the doors."

This turnaround from the depressed market conditions of the past four years has caught most of the British industry by surprise. At the beginning of the year, official forecasters were predicting a slight increase on last year's sales of 1.32m. But since then, they have been in a constant spiral of upward revisions, with the latest, most optimistic forecasts coming out at about 1.7m and even the lowest estimates are now well above 1.5m.

No single reason can be given for this abrupt reversal. A similar upturn occurred in Europe's biggest markets, Germany and France, about two years ago, and has since levelled off so that this year both countries are expecting similar registrations to those recorded in 1977. In Italy, which has gone through a similar unhealthy patch in that experienced in the UK, sales have actually dropped this year by 5 per cent. If events had gone according to the UK forecasters' charts, the market would have begun to accelerate this year, and then moved forward to a new peak in 1979. Instead, a number of factors seem to have combined to stimulate sales earlier than expected.

First, there has been a palpable improvement in the level of consumer confidence. According to the dealers who have to sell the cars, people—and companies—are once again buying because they want to, not because they must. "If this country is still on a pre-emptive, no one can see it," as one of the dealer put it.

Secondly, the moderation of price increases has encouraged this return of confidence. All the big UK companies (with a little Government prompting) have now committed themselves to two price rises only a year, compared with the four hefty increases which became the accepted norm in 1975-77. This year, the overall growth of car prices should be limited to rather less than 10 per cent compared with 20 to 30 per cent about two years ago.

Third, the improvement in personal disposable incomes of between 6 and 7 per cent in the past 12 months has stopped the slide away from new car buying

among private customers. The proportion of private, as opposed to corporate, customers is still low in the UK, and is not likely to be reversed in the foreseeable future—simply because of the strength of the corporate sector. But some dealers are noticing a distinct return of interest among private customers: "I think people have become accustomed to the idea that they will now have to pay £1,000 more for their car than they were doing three years ago," says one Leyland dealer.

The fourth factor, the improvement in company liquidity and the increasing buoyancy of the fleet market, has perhaps had the most far-reaching effect on the market this year. All the evidence suggests that the company market in Britain, by far the biggest in Europe, is continuing to make advances. Subjective dealer responses put the company purchase share in sales at between 60 and 70 per cent, and it has clearly been boosted this year by the trend towards a more normal replacement pattern for cars.

This means that companies are now tending to replace their cars after about two years, on the grounds that vehicles which have been run for about 40,000 odd miles cost too much to maintain. In the aftermath of the oil crisis, many groups put a financial straitjacket on their car fleets because they could not afford the outlay on new vehicles and preferred to suffer the higher service bills. But they have since reached a stage where they have to replace.

Company sales have also been boosted by the fact that cars

what they are awarding to their managers.

This month is the critical period in determining whether the boom will result in a new annual market record or just fade out: a short-lived phenomenon. August is traditionally the best buying period of the year because of the introduction of the new registration suffix, which has both a certain commercial worth in dating a car for resale, and a great deal of status value for new buyers. So far, sales have been good, certainly high enough to attack the record of 234,000 units set in August 1973. About 80,000 cars were delivered on the first day of the month (many vehicles are ordered in July for delivery on August 1), far more than on any other individual day on record, and 133,000 "r" registrations made their way onto the books in the first seven days.

First indications are also that the traditional pattern in favour of BL and the imported marques is being followed. This is because August tends to be the biggest month for the private buyers for whom the kudos of a new registration plate is a much higher factor in the buying equation than for corporate customers. Thus the BL range, which is still angled more towards the private sector, usually does better in August at the expense of Ford.

In addition, BL is now much better stocked than its U.S. owned competitor. This is partly a result of BL's disappointing run of sales in the past four months, when it has been totally dominated by Ford

## TOP 12 CAR SALES IN UK, JAN-JULY

|                    | Total   | Including imported | % imports |
|--------------------|---------|--------------------|-----------|
| Ford Cortina*      | 102,600 | 23,889             | 23.3      |
| Ford Escort*       | 70,127  | 7,293              | 10.4      |
| BL Marina          | 43,478  | —                  | —         |
| BL Mini*           | 42,951  | 18                 | 0.04      |
| Ford Fiesta*       | 41,253  | 5,700              | 13.8      |
| BL Allegro*        | 38,039  | 5,210              | 13.7      |
| Vauxhall Cavalier* | 34,225  | 26,088             | 76.2      |
| Vauxhall Chevette  | 32,427  | —                  | —         |
| Ford Capri†        | 23,611  | 23,611             | 100.0     |
| Ford Granada†      | 23,545  | 23,545             | 100.0     |
| BL Princess        | 22,467  | —                  | —         |
| Datsun Sunny†      | 21,191  | 21,191             | 100.0     |

\* Includes imports from Continental plants + All imports

are now being used much more widely as a perk for middle as well as senior management. Since the advent of pay restraint policies, this trend has become more and more pronounced. It does not appear to have been in the least bit affected by the new regulations on taxing company cars, which theoretically increased the tax burden for many executives. Indeed, some dealers believe that this move had a beneficial effect by clearing up areas of doubt, so that companies now know exactly

in the popular car sector. The effect of this period, and Ford's extraordinarily successful July, when it captured 35 per cent of the UK market—its highest figure since October, 1961—is to have reduced the company's stock level at a time when output is low because of plant holidays. It is already acutely short of its most popular Cortina and Escort lines and these difficulties can only intensify if the market goes as high as the 265,000 that some competitors are predicting.

## MEN AND MATTERS

Date for leaving the dock

"The City won't let me go," said Sir Bernard Miles cheerfully. "Think of it—a professional comic on tap." He was giving me the news that the date for the closure of the Mermaid Theatre has now been fixed: September 30. Not the permanent closure, needless to say; the Mermaid, founded by Miles 25 years ago, will be shut for at least 18 months while the seating, backstage facilities and restaurants are enlarged. This is part of a development at Puddle Dock being financed by Touche Renmant, investment managers, who will themselves be moving from London Wall to offices over the theatre.

Sir Bernard, who will be 71 next month, was gratified recently at being called "an elder statesman" before giving an after-dinner speech in the City. He is also proud of having now spoken a total of 1.25m words of Samuel Pepys during his lunchtime readings at St. Olave's Church near the Tower on the first Thursday of every month.

What will happen to the Mermaid staff at the end of next month? There are going to be some tearful partings: all the restaurant waitresses, some of whom have been with the Mermaid since the sixties, will be paid off. But Miles will retain a nucleus from the theatre. There are tentative plans to perform in a barn at Milton Keynes.

Miles will be restless to ring up the curtain again in the City. "I cannot forget how they let us start at Puddle Dock without any planning permission or proper lease—they just told us to get on with it." Perhaps most problematic is whether, when it returns sometime in 1980, the Mermaid will be able to regain that ad hoc air, that certain bohemianism, which has always been its special charm.



"You would think that at least the PO could provide a free 'Dial An Apology' service!"

## Law of the jungle

It takes time and a cool head to work out who has title to Brazilian land: it means wading through a jungle of full titles, leases, and titles waiting for legalisation. Many of these are as deep and impenetrable as the darkest Amazon itself. Even so, when an enterprise owned by Daniel K. Ludwig lays claim to 7.5m acres that is very cool; it is an area considerably larger than Wales.

Ludwig might be thought to have the means to digest such a large bite. His fortune is estimated at \$3bn. But the land institute of Para State in the Amazon has just granted his Jari Enterprises legal title to a mere 335,000 acres.

The 81-year-old Ludwig may get a further 150,000 acres if the President of Brazil so decrees; the land he is claiming lies in an area considered important to the country's national security. Officials say the reduced spread is "quite

large enough" for Jari Enterprises to complete its forestry, timber, rice and cattle raising projects. The decision shows that Brazil is starting to keep closer track of foreign projects on its soil, especially in the much-coveted Amazon.

## Political painting

Obstacles to the return of Picasso's painting "Guernica" are multiplying. The huge canvas is now in New York, and there has been debate in the U.S. as to whether Spain is as yet in the "democratic state" which the artist specified as a pre-condition for its return. Now Picasso's daughter, Paloma, has declared that she will not allow the painting to be returned until a party of Catalan actors, called "The Jugglers," are let out of prison. The actors were jailed in March for two years for insulting the armed forces. Paloma is a childhood friend of the director of the group, Albert Boadella, who has fled to France. Meanwhile, the town of Guernica is having a festival this month during which a full-sized reproduction of the paintings will watch over the proceedings in the town square.

## Silence seekers

If you are dedicated enough to be chairman of the British Noise Abatement Society, you must expect to receive some daunting complaints. Anti-noise campaigner John Connell, who also runs an export business in Mayfair, is accustomed to letters about everything from low-flying aircraft to somebody's overloud radio. But this week he had a plea for help from TV star Max Bygraves, who said that pneumatic drills had been thundering outside his flat for three weeks. "Will it never end?" he asked. Connell telephoned the noise control officer of West-



By contrast, BL started the month with about 110,000 cars out in its dealer network, all of them ready to be sold on the spot. Significantly, it has good availability of the Marina, the car designed as a competitor to the Cortina, but less than half as successful in the UK so far this year.

## All the signs were good

Clearly, August will be a crucial month for BL which has had a hard fight all year to maintain its position in Britain. Dealers at present are divided about its prospects, the first and most important, being that the domestic manufacturing sector has continued to suffer from disappointingly low output. Every one of the big four manufacturers has been hit by serious disputes and disruptions to output this year, the most important recently being at the Chrysler, Linwood plant in Scotland which makes its larger volume Sunbeam and Avenger models. As a result, output was only up by 3 per cent overall in the first half year compared with a 22 per cent increase in the market. In the April to June period, at a time when there could be no doubt about the expansion of sales, output went into a declining trend, falling by 3 per cent compared with the previous quarter.

Secondly, the big Continental producers are now making a major thrust into the UK following Britain's entry into the Common Market and the dismantling of tariff barriers. Most of these companies, having already established broadly-based franchises throughout Europe, are in a position to invest heavily in this expansion. At the same time, they are taking up any of the slack left by the gradual diminution of Japanese car sales in the UK which followed the March agreement to limit shipments from Japan to the same level as last year.

Third, the importers have introduced a wider range of

thing else today simply because they already know what a Mini looks like."

The signs are that BL will be satisfied if it achieves sales of about 60,000 to 70,000 units, giving it 25 per cent of the big market it is predicting. However, if registrations do grow to this degree, there are bound to be shortages elsewhere among the UK manufacturers. This means that imports will receive yet another boost, having already managed to push their share of the market up from 43 per cent in the first seven months of 1977 to 47 per cent this year, and topping the 50 per cent mark in early August.

Imports have consolidated their hold for several reasons, the first and most important, being that the domestic manufacturing sector has continued to suffer from disappointingly low output. Every one of the big four manufacturers has been hit by serious disputes and disruptions to output this year, the most important recently being at the Chrysler, Linwood plant in Scotland which makes its larger volume Sunbeam and Avenger models. As a result, output was only up by 3 per cent overall in the first half year compared with a 22 per cent increase in the market. In the April to June period, at a time when there could be no doubt about the expansion of sales, output went into a declining trend, falling by 3 per cent compared with the previous quarter.

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Third, the importers have introduced a wider range of

attractive products into the UK. This inevitably undermines the appeal of the domestic manufacturers, if only because of the novelty value of the newer vehicles. In many cases they are also extremely keenly priced because of the intense competitive pressures in the lower reaches of the market.

Fourth, the big American multinationals are now following a long-term policy of importing part of their range from their other plants in Europe. This category of vehicles will probably account for between 5 and 10 per cent of the UK market on a fairly permanent basis—last month they achieved a 6.8 per cent share—although the mix of products will vary depending on the needs of the particular importers. Both Vauxhall and Chrysler, for example, have considerable capacity available in the UK which they are aiming to use. But there will always be some vehicles which they will prefer to make outside, and there are distinct signs that Ford, the biggest importer, is now planning its future expansion in the UK in the component rather than car assembly sector. Even BL has now begun importing a few cars from its associate plant at Seneffe, Belgium.

So far this year, Ford has been by far the largest importer into the country, selling about 80,000 foreign-made cars (which account for some 30 per cent of its own sales) against Datsun's 60,000, and taking leadership from BL only by virtue of its imports. Ford has registered 177,000 UK-made cars against BL's 205,000.

Thus at the end of the day, importers of cars of all kinds will make the biggest gains out of the surge in the market this year. Over the longer term, it is very hard to see how these gains, once made, can be reversed. The multinationals are not going to abandon their new-found production flexibility as part of their manufacturing pattern. Thus the main burden of stemming the flow must fall on the beleaguered BL and Mr. Michael Edwards' new management team.

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## ECONOMIC VIEWPOINT

## A new approach to unemployment

NEW CONTRIBUTIONS to labour stock. Capital shortage knowledge can come from unexpected places. The Organisation for Economic Co-operation and Development (OECD), an international group of 24 nations with headquarters in Paris, has at times been known as "the British Treasury in exile." It has been chiefly notable in recent years for its growth in a world level, and it was especially active in urging a co-ordinated demand boost on governments before the July summit.

But no organisation is monolithic and a section of the Secretariat which serves the Manpower and Social Affairs Committee has pioneered a new and more promising approach to the seemingly intractable rise of unemployment that has hit the Western world since the late 1960s. It is set out in a document entitled "A Medium Term Strategy for Employment and Manpower Policy" (available in London from HMSO), which has not so far received the attention it deserves.

The basic approach is to divide unemployment into three types. The first is "frictional unemployment." This arises from familiar causes such as time spent between jobs and the mismatch between the skills required and those on offer at going wage levels. The OECD definition of frictional unemployment is fairly broad and includes, for instance, regional imbalances elsewhere described as structural.

Secondly there is "capital shortage" unemployment due to there not being enough capital to employ the available labour force. The capacity may be of the wrong kind in relation to the current pattern of demand, or it may be too capital intensive to employ the existing

labour force. Capital shortage which the OECD percentage is calculated is just over 26m. This could give a minimum unemployment level achievable in 1978 without drastic changes in labour market practices of about 880,000. Even this may be optimistic. The key point is the sharp rise compared with 1974 when the minimum level was supposed to be 2.1 per cent or 550,000. It would be wrong just to extrapolate this trend mechanically to 1978; nevertheless the minimum achievable level might easily have reached one million.

As the large table shows, similar tendencies have been at work in most other countries. The reasons given by the OECD for the increase in frictional unemployment are mostly demographic and occupational. The increased share of women and teenagers in the total labour market and the lower "job attachment" of these groups makes for higher labour turnover.

The OECD treats warily on the vexed question of the effect of higher social security payments on time spent out of work, simply citing various studies giving a range of 0.2 to 1.2 per cent for the additional unemployment thereby generated. The effects of lower tax starting points, interacting with social security payments, in reducing the net gain from taking employment, are not discussed. So the figures for frictional unemployment may be regarded as minimal.

The estimate of capital shortage unemployment may be on one sense also too low. For the OECD analysis showed that as a result of government and union pressures to retain workers, there has been abnormal labour hoarding. In most

countries, however, estimated precisely opposite policies—a steady lowering of budget deficits and of monetary targets to squeeze inflation out of the main industrial economies. My own suspicion is that neither of these opposite courses—nor the middle one actually adopted at the summit—will be very successful in eliminating the so-called cyclical element in unemployment.

The OECD report has some fascinating insights into the causes of recent unemployment levels, irrespective of the category into which they are placed. The most striking is that, except for 1975, employment as well as unemployment has been growing quite rapidly. This is because the increase in jobs has been concentrated in the service sector—so-called "de-industrialisation" which is not just a British phenomenon. But the service sector recruits many workers from "peripheral" groups (such as wives, students, or the retired) who have previously been outside the labour force altogether rather than from those who have lost their jobs in industry.

## Judgment

There are obviously large elements of judgment and guesswork in these OECD estimates and the boundary between categories is hardly clear-cut. Nevertheless they do seem to point in the right direction. If large-scale economic models have any future at all, it is surely in this type of structural analysis rather than in the conventional national income forecasting.

My main worry is about the category of cyclical unemployment. It cannot mean literally the unemployment that emerges in a cyclical downturn. For quite clearly this unemployment is not going to be eliminated in the present recovery phase.

OECD Governments have hesitated to increase demand (i.e., to increase budget deficits and raise the money supply) to the extent indicated, because they fear that the net result will be accelerating inflation with no lasting gain to employment.

There is in fact another school of economists (in a section of the now very fragmented monetarist camp) who urge

unemployment rate among "prime age white males" were to fall to 1.5 per cent—the lowest it has ever been in peacetime—the jobs rate among youths and women would still be 7.5 per cent.

A lot of the mystery would have been removed if the OECD Report had been more forthright on the influence of the price of labour—that is the real wage level—on the supply and demand for workers. (This emerges clearly in the footnotes and appendices but is obscured in the main report.) Job security is as reasonable a claim for industrial workers as it is for civil servants. (I have put forward a proposal for providing it in *The Economic Consequences of Democracy*.) But such security reduces flexibility, and thus raises costs under any economic system, not just capitalism alone, and it must be paid for either in lower take-home pay or lower employment.

Then again youth unemployment is partly a matter of wages. If employers are forced to pay everyone the standard wage, or something near it, and provide the full paraphernalia of job security, they will obviously favour the trained and the mature. Minimum wages in the U.S. and union wage structures in the UK are the direct cause of much of the joblessness among young people, blacks, the unskilled, and the disadvantaged. These include the long-term unemployed who as the report stresses become "virtually ineligible for future job vacancies" because of demoralisation and deterioration of skills. But if they could be employed at a wage corresponding to their present low productivity, with possible increases later, the whole picture might change.

Another tendency has been for labour to become a "quasi-fixed factor"—or in plain English more difficult to dismiss. This increases job security for existing workers, but because of its effects on real labour costs, it has discouraged employers from taking on new workers or from investing in new capacity. Some employers try to get around the fixity of labour costs by hiring "fixed term labour"—in British terminology, contract workers.

Unfortunately young entrants to the labour forces are in practice the greatest victims of this fixity of labour costs. One U.S. calculation suggests that if the

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## COMPONENTS OF UNEMPLOYMENT

| unemploy. rate | Cyclical unemployment | Unemploy at full capacity of existing capital stock | Frictional unemployment | Capital-shortage unemployment |
|----------------|-----------------------|---|-------------------------|-------------------------------|
| UNITED STATES  |                       |   |                         |                               |
| 1974           | 5.5                   | 0.6   | 4.9                     | 0.0                           |
| 1975           | 8.4                   | 3.3   | 5.1                     | 0.2                           |
| 1976           | 7.4                   | 2.1   | 5.5                     | 0.4                           |
| FRANCE         |                       |   |                         |                               |
| 1974           | 1.8                   | 0.3   | 2.5                     | 0.1                           |
| 1975           | 4.1                   | 1.3   | 2.8                     | 0.4                           |
| 1976           | 4.5                   | 1.1   | 3.4                     | 0.9                           |
| UNITED KINGDOM |                       |   |                         |                               |
| 1974           | 2.2                   | 0.1   | 2.1                     | 0.1                           |
| 1975           | 3.4                   | 0.7   | 2.7                     | 0.5                           |
| 1976           | 5.0                   | 1.7   | 3.3                     | 0.9                           |
| SWEDEN         |                       |   |                         |                               |
| 1974           | 2.0                   | 0.3   | 1.4                     | 0.1                           |
| 1975           | 1.6                   | 0.0   | 1.4                     | 0.0                           |
| 1976           | 1.6                   | 0.0   | 1.4                     | 0.0                           |
| GERMANY        |                       |   |                         |                               |
| 1974           | 2.2                   | 0.4   | 1.8                     | 0.3                           |
| 1975           | 4.2                   | 1.2   | 3.0                     | 2.2                           |
| 1976           | 4.1                   | 0.6   | 3.5                     | 2.5                           |
| ITALY          |                       |   |                         |                               |
| 1974           | 5.9                   | 0.1   | 5.8                     | 0.8                           |
| 1975           | 8.7                   | 4.4   | 4.3                     | 1.4                           |
| 1976           | 7.2                   | 0.4   | 6.8                     | 5.0                           |
| NETHERLANDS    |                       |   |                         |                               |
| 1974           | 3.0                   | 0.5   | 2.5                     | 0.9                           |
| 1975           | 4.3                   | 1.4   | 2.9                     | 1.1                           |
| 1976           | 4.7                   | 1.2   | 3.5                     | 2.0                           |

Source: OECD

My own complaint about elementary price mechanism economics was that it was obvious and boring. But it seems to take a Herculean political battle to get the obvious accepted.

By contrast with the analysis, the policy conclusions of the report are familiar and conventional. It urges selective job creation in the weaker countries, demand expansion in the stronger ones, and it indulges in a rather dangerous flirtation with job rationing and deliberate productivity reduction.

One of the less unreasonable palliatives mentioned in the private industrial sector as a means of "reflation" instead of general budgetary stimuli. What we have had in the UK instead has been an excessive budget stimulus, brought about by the combined efforts of the three political parties, and then an attempt to undo this by means of a higher National Insurance payroll tax. Those whom the gods wish to destroy they first make mad.

Samuel Brittan

\*Temple Smith 1977.

## Microelectronic chip engineering

From Mr. R. Toeman

Sir—In a letter of July 27 I defined successful integrated circuit companies operating in this country: worldwide marketing capability seems to me the prior requirement. Dr. Mackintosh writes about advanced design, production skills, etc. (August 31 edition). It is hoped that these skills will be available from "import" market penetration should "take some time to achieve." This is a diametrically opposed view which is surely the Achilles heel of the Department of Industry scheme.

There are other aspects of the Inmos enterprise. If the work were performed in the country, by a multinational IC company, all kinds of spin off would occur which benefit general engineering. The growth of the semiconductor industry in Britain has made new demands on precision engineering even in old established industries, such as the tool manufacture, mould making, etc. A company contracting for clean air, furnace now exports these after having learnt to make them to the tough specifications of the electronics industry. There are larger numbers of successful small enterprises in the field now.

As for spreading £120m among U.S. and British companies and U.K. multinationals, who has ever made money by backing all possible runners in a race?

The picture painted by your correspondent of Britain as "Silicon Island" is unrealistic. At present the superior process capability of California's "Silicon Valley" may be seen at work in every semiconductor plant in the world. The major challenge is from Japan. One notes the co-operation over more than two decades of the Matsushita Corporation with a multinational company, Philips, to their mutual benefit.

Here that Matsushita IC interests in multinational industry within their constituency will raise these questions with the DoI. I am pleading for taxpayers' cash being spent at home, with the few multinational companies who are running because they are in the world market and it is in which will create employment and technology in Britain. Further, the presence of first class U.S. Inmos technologists here in Britain will create work for professionals who might otherwise emigrate, as has been to happen recently with professional aircraft design staff. This country cannot afford the drain of experts from science-based industries.

R. Toeman, 21, Arden Avenue, Hazel Grove, Stockport.

## Back the stayers

From Mr. C. Machin

Sir—On the subject of the new "British initiative in microelectronics," I have read with interest Dr. Mackintosh's reply (August 31) to Mr. Toeman's letter of July 27.

The history of the semiconductor industry from the invention of the junction transistor, barely 20 years ago, is littered with the names of enterprisers no longer in existence. Many even risked and lost their life savings and \$100m-plus sale per annum, only to die in oblivion. Even more departed with barely a mention whether located in Silicon Valley, California, Route 125, Boston, Glenrothes, Germany or elsewhere. I would echo Mr. Toeman and ask, is success in this field not more likely to come from the

UK operations of such companies as Mullard (Philips) and Texas Instruments? They have stayed the course from the beginning, having successfully ridden at least four technological rapids and, a quarter-of-a-century later, still employ thousands here in the UK.

It has always puzzled me why Whitehall seems to have a blind spot with regard to these companies' British achievements, when their records are otherwise not least that of Philips during World War II. Yet apparently the National Enterprise Board prefers another importation from the U.S. where both Philips and Texas Instruments already have strong technological links.

If ever there has been a business which has sorted out the men from the boys it has been the semiconductor industry. We must certainly have a reliable microelectronic manufacturing and development capability in this country, but I would rather see taxpayers' money put where there is proven record of staying the course and with people who clearly know what it takes. C. F. Machin, Cudworth House, St. Leonards, Hastings, Sussex.

## Leased assets

From Mr. M. Barrett

Sir—Your correspondent's comparison (August 6) between rented farm and tractor trailers overlooks some fundamental differences between the type of asset and therefore the type of contract.

Farms are rented out because the owner wishes to have the right to re-lease possession. The term of the tenancy the owner will continue to be interested in the well-being of his asset and in these circumstances it would clearly be wrong for the user of the farm to bring it into his balance-sheet. Except in the case of default the lessor will never wish to re-lease possession of the tractor which, in theory he owns.

Farm tenancies are long-term, and rents tend to increase over the years whereas a tractor is effectively leased for five years with a "peppercorn" rent for a further period which the lessor often does not trouble to collect. Certainly financial statements should always aim for consistency but only for assets possessing similar fundamental characteristics.

However a tractor lease is worded it is, de facto, another method of finance and in the past has been widely marketed as "off-balance-sheet" finance, this being an implied advantage compared with hire purchase. Under the present situation it is quite possible for a business to employ substantial assets without its accounts giving any indication of this investment and users of accounts are entitled to have this asset/liability position quantified in the balance-sheet. Only then can they form a true and fair view of the return on capital employed.

Clearly this will not please the leasing lobby, but they do not help their case by oversimplified comparisons.

M. Barrett, Greenlands, Wetherill, Cumbria.

## Political donations

From the Chairman, Cramlin District.

Sir—Mr. Douglas Hoyle is proposing legislation which would force public companies to seek the consent of their shareholders before making any political donations. This may well be all

very well, but if it does become law then it should also be made illegal for employers to deduct political levies from their employees' wages without the latter's written consent.

At the moment it is normal practice in most public companies for union dues (including the political levy to the Labour Party) to be deducted from wages unless the employee makes a written request to opt out of the levy, and for obvious reasons there are many who do not wish to disclose their political affiliations in this manner, with the result that many Conservative trades unionists unwittingly support the Labour Party.

If both these proposals were introduced then I think that the Labour Party would probably be the loser. W. S. Roe, Weymouth Road, Eccles, Lancs.

## Driving speeds

From Mr. E. Gratton

Sir—May I refer to Mr. White's letter (August 2) suggesting that the 70 mph limit should be raised to 85 mph. More than a third of the motorway drivers exceed the 70 mph limit, so there are good grounds for

believing that the present limit is too low. It would however be much better to raise the limit to, say, 85 mph and to make it advisory, as is the case in Germany. In the event of an accident the onus of proof is on the driver(s) involved to show that the limit was not being exceeded.

It is difficult to escape the conclusion that rigid speed restrictions, particularly on motorways, have been allowed to act as a weapon to encourage the incompetent at the expense of the competent, and that this negative attitude is but one symbol of the general decline of British purpose in recent years. If we want to bring about higher standards of driving on motorways it is time, in Churchill's words, to set the people free—so that they may once more be permitted to think for themselves and to develop self-discipline rather than being condemned, like school children,

to a stultifying and, in the case of long journeys, soporific norm. E. Gratton, Rooks Orchard, Little Wittenham, Abingdon, Oxon.

A wealth tax

From Mr. H. Leggett

Sir—May I express surprise that so little attention has been paid in your columns to one of the key points in the latest version of the pact between the Trade Unions and the Government, which is the introduction of an annual wealth tax for people whose real net wealth exceeds £150,000?

Such a further fiscal imposition will effectively ensure that the great majority of private owners of important works of art (whether on public exhibition or not) will be obliged to sell them—invariably, overseas. In these circumstances the lip service which has constantly been paid by the Labour Party to the necessity to preserve our cultural and artistic heritage is to be more bluff when political horse trading is at stake. It would be interesting to know what the Conservative Party has to say about this. Hugh Leggett, 30, St. James's Street, SW1.

wide range of future possibilities. Higher petrol prices would encourage the technological changes best.

The figures resulting from the project suggest that 100 per cent real increase in petrol prices would result in an increase in rail and bus traffic of only 30 per cent. It concludes that if people will not be bullied into leaving their car, "then the cars which they use must be improved," and a very significant "break-through" is required in internal combustion principles. Economies of fuel consumption and poisonous exhaust emissions are parameters of good design which have been ignored, hence the critical situation that exists today. Most major innovations and new conceptions in basic technology have originated from outside the industry: the jet engine of Frank Whittle and the rotary engine of Felix Wankel are typical examples. The industry obstinately refused to see any virtues in these revolutionary ideas.

## The cars we use must be improved

From Mr. L. Sharples

Sir—I am sure I cannot be alone in wondering whether we are losing what few grains of sanity we have left to us. Reading the "Lex" column (August 7) has certainly not made me feel any better. I refer, of course, to the apparent intention of government agencies to finance the construction of a sports car production complex in Belfast. Irrespective of the many objections that surely must arise from the public at large to the use of taxpayers' (the largest amount) money, it seems incredible that any thought whatsoever should be given to increasing the production of such a completely useless vehicle.

It seems to me that the whole conception is bordering on the lunatic. By all means let government, where private capital is available, support new ventures, but for goodness sake let the support be for something the world needs.

A fuel "guzzling" sports car must surely be at the bottom of any list of priorities, particularly as the world is in most urgent need of a really economical power unit which so far the automobile industry has failed to produce.

Despite the dire predictions from many authorities that the world will run out of oil by the end of the century, a recent research project by the University of Salford, sponsored by the Science Research Council, has suggested that the most constructive areas for energy conservation in the next decade will come not from putting people into economical forms of public transport, but rather from introducing changes into private transport.

These changes would involve smaller and lighter cars with new engine technology, to make more efficient use of energy reserves. The project disclosed that private transport was the major energy consumer, taking up 84 per cent of the total energy used in the operation of passenger transport. Thirty per cent of the energy was used in going to and from work.

Out of all the options for energy savings, improvements to the private car would yield the best results. This finding reflected a continual dependence on private transport over a very

wide range of future possibilities. Higher petrol prices would encourage the technological changes best. The figures resulting from the project suggest that 100 per cent real increase in petrol prices would result in an increase in rail and bus traffic of only 30 per cent. It concludes that if people will not be bullied into leaving their car, "then the cars which they use must be improved," and a very significant "break-through" is required in internal combustion principles. Economies of fuel consumption and poisonous exhaust emissions are parameters of good design which have been ignored, hence the critical situation that exists today. Most major innovations and new conceptions in basic technology have originated from outside the industry: the jet engine of Frank Whittle and the rotary engine of Felix Wankel are typical examples. The industry obstinately refused to see any virtues in these revolutionary ideas.

The pressure of events of the past few years has now forced the automotive industry, at last, to face reality and they are now endeavouring at this late stage to produce engines less voracious in their use of fuel and which emit less obnoxious fumes. However, in most cases, they have come to realise that a concept of internal combustion of infinitely greater efficiency and of considerable significance is "the two problem areas" of a machine that can be referred to as "stratified charge," a basically simple theory of combustion which the automotive industry has hitherto

failed to achieve in practice, although partial success has been achieved, for instance, by Honda of Japan and Ford of America, but only in the area of emission reductions. From the standpoint of fuel economy, both engines are less efficient. Other companies are involved, including British Leyland and the Government, on the subject—held in London by the Institute of Mechanical Engineers and attended by delegates from all over the world—it appears that success is still far away. It is known that Ford has been intensively researching the concept for over ten years, without being near to marketing an engine. One may reasonably ask: for how much longer? Or is it simply on the wrong track? In view of the vast resources of Ford, General Motors, etc., and the many years of research involved, is it not reasonable to assume that perhaps the orientation of the components and principles of the reciprocating engine is such as to make, within these known parameters, the proposition of "stratified charge" impossible, and therefore, that if a significant "break-through" in engine combustion technology is to be achieved, a radical revision needs to be made to first principles, and a new and profound re-examination made of a machine that has been with us for well over a century?

If there is any degree of logic in the foregoing, then surely any new conceptual ventures in the automotive industry should be directed towards development of a new power unit... less voracious and with really clean emissions. In fact, it is vitally necessary that finance, labour and ingenuity should be mobilised for this purpose.

Can any far-sighted person really believe that Britain will have a significant motor industry in, say, ten years' time? The trend surely is identical to that experienced before the war by the Lancashire cotton mills. We could, however, supply the whole world with power units, but, however, the will needs to be there; we already have the brains, even though the latter are not in the right places. Leonard Sharples, 3, Goring Park Avenue, Goring, West Yorks.

## Today's Events

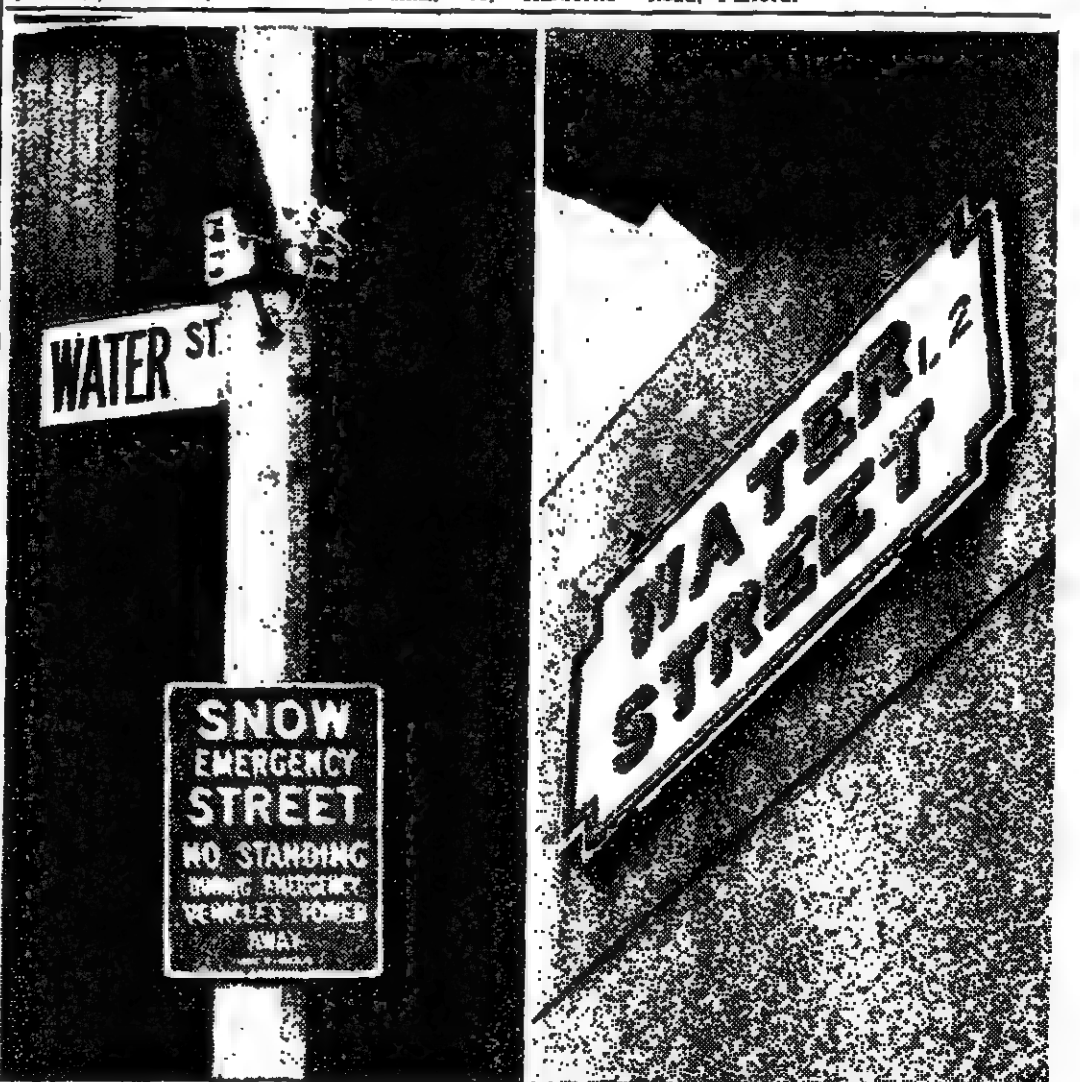
Birmingham, 12. Associated Newspapers, Waldorf Hotel, W.C.

10.30. Baker Perkins, Connaught Rooms, W.C. 11.45. Bambergers, 100, Old Broad Street, E.C. 13.15. Braby Leslie, Abercorn Rooms, E.C. 12. Castings, Barons Court Hotel, Waltham, 2. Cattle Holdings, Royal Station Hotel, Hull, 3. Cullen's Stores, Burford Bridge Hotel, near Dorking, 3. Daily Mail and General Trust, Carmelite House, E.C. 12. Duncan (Walter) and Goodrich, 191, Old Broad Street, E.C. 11. Standard and Chartered Bank, Connaught Rooms, W.C. 12.

COMPANY RESULTS  
Final dividends: AGB Research; W. G. Allen and Sons (Tipton); British Benzol Carbonising; David Dixon and Sons Holdings; Goldfields Property; Heron Motor Group; Midland Educational; New Waterland Gold Exploration; Interim dividends: Arasonson Bros.; Automated Security (Holdings); T. Clarke; Dickie Heel; Securicor Group; Security Services.

COMPANY MEETINGS  
Allen (Edgar) Balfour, 100, Old Broad Street, E.C. 12. Armitage Shanks, 74, Harborne Road, Fulford.

SPORT  
Cricket: Second Test, England v. New Zealand, Trent Bridge, G. Benson and Hedges tournament, Fulford.



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# COMPANY NEWS+COMMENT

## Better trend for Glynwed—sees £4m rise

AN ADVANCE from £13m to around £17m in group pre-tax profit is forecast by Glynwed for 1978.

Principally reflecting the elimination of all significant losses in UK activities, the first 28 weeks ended July 1 has produced an increase from £8.12m to £8.46m in the pre-tax figure.

The directors point out that in particular the sector covering bathroom and kitchen products and foundries improved its performance during the first few months of the year.

At the same time steel stockholding, which lost over £1m in 1977, produced a modest profit. As already announced, the proposed sale of this division did not take place, as the buyer, Finsider International (part of IRI the Italian state holding company) withdrew at the last minute.

The South African subsidiary, of which the group now owns only 65.2 per cent, suffered difficult trading conditions which coincided with the acquisition with effect from April 1, 1978, of the domestic appliance business of South African General Electric (Pty).

The rationalisation of distribution networks together with other benefits will take some time to materialise and a loss has therefore been sustained in the first six months of the year, the directors report.

They say that the outlook for the second half depends on maintenance of the present level of economic activity and on some recovery in South Africa. Given those circumstances, a profit for the second half should at least equal those of the first six months. This would take the year's result well past the previous record of £15.7m achieved in 1974.

First half turnover showed an increase from £138.35m to £165.25m. After tax the net profit comes through at £4.02m against £3m.

The interim dividend is 2.45p (same) — the total for 1977 was 5.3p.

|                      | 1978   | 1977   |
|----------------------|--------|--------|
| Turnover             | 165.25 | 138.35 |
| Trading profit       | 8.46   | 8.12   |
| Interest charges     | 1.57   | 1.19   |
| Profit before tax    | 6.89   | 6.93   |
| Taxation             | 4.57   | 3.14   |
| Net profit           | 2.32   | 3.79   |
| Minority loss        | 0.04   | 0.06   |
| Attributable         | 2.28   | 3.73   |
| Preference dividends | 1.30   | 1.30   |
| Ordinary             | 1.00   | 1.00   |
| Profit               |        |        |

### comment

Loss elimination on Vocus bathroom and steel stockholding, and a recovery in domestic appliances and foundries are the main factors behind Glynwed's 38 per cent increase in pre-tax profits. Overall, it amounts to good news from the UK business. But Dely Industries of South Africa (with its recently acquired domestic appliance business of South African General Electric) has been going through a rough patch, turning in a loss for the first six months. However, there is a glimmer of hope for at least a breakeven result for the full year.

Glynwed's forecast that present trends could produce equivalent pre-tax profits in the second half suggests a figure for the year of at least £17m. With the shares at 124p, this would give a fully taxed p/e of about 9 which is well supported by the 11 per cent prospective yield.

### HIGHLIGHTS

After being hit by bad weather in the first three months General Accident has come back with an underwriting profit in the second quarter and the overall profits figure is some £9m higher. Despite a 38 per cent fall in first-half profits Carrington Viyella could well turn in unchanged profits for the full year now that it is experiencing the effects of the boom in consumer spending. Lex also takes a look at Smith Brothers, which has produced satisfactory profits largely due to the strength of the international share dealing. Elsewhere, Letaset, as forecast, has turned in profits in excess of £7m, while a combination of loss elimination and recovery has left profits at Glynwed nearly 40 per cent higher. The expected shortfall in Bibby's seed and feed activities has been more than offset by the paper and converted products division.

## Ault & Wiborg up at midway

FROM TURNOVER of £19.6m compared with £16.87m previously, pre-tax profits of Ault & Wiborg advanced from £1.0m to £1.31m in the June 30, 1978 half year. The result is after interest charges of £21,000 against £15,000 last time.

The interim dividend is lifted from 0.65p to 0.72p net per 25p share. Last year, on record profits of some £2m, a 1.3p final was paid.

The group's interests include the manufacture and marketing of printing inks, printers' rollers, paints, chemicals and coatings. It is a 49.9 per cent owned by Sun Chemical Corporation of the U.S.

### comment

Following last year's £14m capital spending and earlier rationalisation, Ault & Wiborg's pre-tax profits are 24 per cent up at the half-year stage. Sales have increased by 16 per cent (including some volume growth) while gross margins have improved about half a point. All divisions have chipped in this time though inks (about 30 per cent of sales) has contributed most of the increase. Ault's fortunes here largely rest on the newspaper industry and while Fleet Street has not been a good market, the group's higher quality inks have sold well outside London. Paints account for 35 per cent of sales and here it is mainly the more important "refinishing" products (sold to garages) which have set the pace. The company has suffered from the troubles at Leyland, its main motor manufacturing customer. Meanwhile chemicals capacity has increased, though the polyester market has been weak. Further capital spending is planned—to be met from cash flow and short-term borrowings—though working capital is another £1m higher. Profits at least the same again are possible in the second half which puts the shares at 42p on a prospective p/e of 7.7 and a yield of 7.8 per cent.

## Burtonwood Brewery

(Porthaw) has continued its policy of acquiring sites and premises for conversion to

licensed houses and intends using its liquid assets in investments of this nature, Mr. R. J. Gilchrist, the chairman, says in his annual statement.

Three such acquisitions are now operating and several others will be operating in the current year.

At the March 23, 1978, balance date the group had cash and bank balances of £386,358 compared with £584,743 a year before. As previously reported, taxable profit in the year rose from £1.3m to £1.34m.

Mr. Gilchrist says that the group's wine and spirit company has made substantial progress and a start has been made on the production and distribution of its own minerals from Burtonwood.

Meeting, Burtonwood, Cheshire, August 23 at 11 a.m.

## Hallite passes £1m mark

FOR THE year ended April 29, 1978, profits of Hallite Holdings have advanced by £270,911 to £1,005,987, after showing a £146,527 rise at halfway.

The group makes synthetic rubber and plastic precision parts. Turnover for the year rose from £5m to £7.02m. After tax £568,430 (£394,238) net profit came out at £436,337 (£340,817).

Earnings are shown at 19p (£14.86p) per 30p share. The final dividend is 4.37p for a net total of 6.32p (£8.34p).

Mr. H. H. H. Harmer, the chairman, says in his annual statement that in the UK a satisfactory level of income and orders continued during the first nine months of the year, but has since been at a lower level.

The current year is therefore likely to be one of consolidation, he states, and it is to new markets and existing markets outside the UK that the group must look for growth in 1978-79.

Total export sales, which increased 38 per cent to £1.07m for the year, have more than doubled during the last two years. As the effects of the investment in subsidiaries and associates made outside the UK during 1977-78 were not fully reflected in the results, further growth in exports is expected in 1978-79.

Capital expenditure advanced 40 per cent to reach £330,000 for the year, of which £487,000 represented expenditure on plant and

machinery at the manufacturing companies. Two major items were £110,000 on a computer at Hall and Hall and £107,000 for equipping the new subsidiary, Hallite Engineering.

A high proportion of group net profits has been and will continue to be reinvested in the business in order to finance its growth and expansion, the chairman explains.

Meeting, Sunbury-on-Thames, September 22, noon.

## Syltane spending plans

After spending \$999,000 on capital projects in 1977-78, the budget for the current year at Syltane has been increased to \$760,000, Mr. John Clegg, the chairman, says in his annual statement.

Of last year's figure—which was \$99,000 above the original budget—\$397,000 related to permanent buildings, while \$100,000 of the current year's spending will be on permanent buildings.

In the year the engineering, pipe systems and electrical distribution group opened branches in Dallas, Texas and Lyon, France to sell, stock, service and repair its equipment, while two branches were opened in the UK.

Mr. Clegg says that although it is too early to attempt any meaningful predictions for the current year, he adds that the group is on target for its set objectives for expansion.

As previously reported, pre-tax profit of the group climbed from £6.65m to £10.44m in the March 31 year. During the year fixed assets increased from £9.89m to £13.7m, and net current assets from £1.80m to £2.24m. The group's bank overdraft rose from £0.25m to £0.44m.

A current cost statement shows the profit reduced to £0.77m by additional depreciation of £0.13m and a cost of sales adjustment of £0.22m, offset by a £75,000 gearing adjustment.

Meeting, Bramhope, near Leeds, August 31 at 2.30 pm.

## Sodastream expansion

SODASTREAM, the company which makes do-it-yourself machines for fizzy soft drinks, is to take over a new factory on a nine-acre site at Peterborough. The company's 230-strong labour force will be doubled in the next five years.

The Rugby Portland Cement (RPC) subsidiary, Cockburn Cement (Australia) is to make a \$514m debenture issue.

The company said that funds raised will be used to complete the financing arrangements for the construction of the modern suspension preheater line kiln at the company's South Coogee works. The issue has been underwritten and RPC has indicated that it will not be taking up any

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Mr. Leonard Regan, chairman of Carrington Viyella.

## DIVIDENDS ANNOUNCED

|                    | Current payment | Date of payment | Corr. of payment | Total for year | Total last year |
|--------------------|-----------------|-----------------|------------------|----------------|-----------------|
| Ault & Wiborg      | 0.72            | Oct 13          | 0.65             | 1.37           | 1.37            |
| J. Bibby and Sons  | 3.00            | Oct 8           | 2.5              | 5.5            | 5.5             |
| Carrington Viyella | 0.67            | Nov 10          | 0.59             | 1.26           | 1.26            |
| Martin Ford        | 1.1             | Oct 13          | 0.98             | 2.08           | 2.08            |
| General Accident   | 4.19            | Jan 1           | 3.73             | 7.92           | 7.92            |
| Glynwed            | 2.43            | Dec 20          | 2.43             | 4.86           | 4.86            |
| Hallite Holdings   | 4.37            | Oct 2           | 3.91             | 8.28           | 8.28            |
| Hume               | 3.08            | Oct 27          | 2.49             | 5.57           | 5.57            |
| Letaset            | 1.08            | Nov 2           | 0.98             | 2.06           | 2.06            |
| Smith Bros.        | 3.47            | Nov 4           | 2.54             | 6.01           | 6.01            |
| B. Wardle          | 0.85            | Oct 13          | 0.5              | 1.35           | 1.35            |

Dividends shown pence per share net except where otherwise stated. \* Equivalent after allowing for scrip issue. † Includes additional 0.066p in respect of tax cut.

## Reduced interest helps Bibby in first half

FOR THE half-year ended July 1, 1978, profits of J. Bibby and Sons have shown a \$229,000 advance to \$3.72m.

In the current six-months some slowdown is expected, and a profit of the order of £7.5m should be achieved for the year, an increase of £1.35m over 1977.

When last reporting in May, the directors expressed their confidence of profit growth, but not at the rate achieved in the previous years. For 1975 profits were £2.65m. And in 1976 they came to £4.5m.

The first half profit was boosted by a \$208,000 reduction in interest charges, and a £180,000 lift in the share from associates.

The chairman, Mr. J. Bibby, reports a substantial increase in trading surplus by the paper and converted products division, while edible oils made a good improvement. The feeds and seeds side encountered more difficult conditions which affected sales volumes and did well to achieve a trading surplus only slightly below that of last year. The farm products division also showed a reduction in trading surplus, due in part to the fact that the comparable period of 1977 included a contribution from Norfolk Newlay Egg Company, which has since been sold.

The reduced interest charge reflects the very favourable cash flow referred in the annual report.

The associated company, Sterlin, has again produced commendable results, while Elemen Cleave and Farm Feeds Holdings have shown a recovery following the setbacks encountered last year.

In the second six months of this year, feeds and seeds will continue to operate in an uncertain trading environment. Farm products should show some improvement on the first half year's performance due partly to seasonal

factors and the remaining division should maintain the progress achieved in the first six months.

The directors believe that the amendment to the statutory restraints on dividends will permit a higher overall distribution to shareholders in 1978 than would have been the case under the former regulations, and intend to seek the required Treasury consent when the results for the full year are known. Accordingly, they have decided to increase the interim from 2.5p to 3p per share, in addition, as a result of the retrospective reduction in ACT, the company is permitted to pay a special interim of 0.0612p per share in respect of 1977.

### comment

A combination of a better than expected performance from Bibby plus the hint of higher dividends pushed its share price 12p higher to 286p yesterday in a fairly narrow market. The company has been indicating for some time that profit growth in the period ahead was due partly because of the sale of Norfolk Newlay Egg Company last year. Assuming a 10 per cent dividend increase the yield is a fairly modest 4.2 per cent due partly to seasonal

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## Carrington Viyella off £2.7m midway

THE CONTINUATION of sluggish trading conditions has hit the UK operations of Carrington Viyella in the first half of 1978, and of the trading level the group profit has fallen by £3m to £7.98m. After allowing for lower interest and exchange losses the pre-tax balance emerges at £4.84m against £7.34m.

Mr. L. Regan, the chairman, refers to current reports of increased consumer spending in textiles and clothing and says that this could lead to a better profits performance than that achieved in the second half of 1977.

Overseas he looks forward to a larger contribution from South Africa and Canada and a reduction in Italian losses.

In the half year, group external sales at £138.1m show a 4.8 per cent rise over 1977 and include direct exports from the UK of £20m being an increase of 10.4 per cent.

The trading profit was struck after charging a reorganisation cost of £0.6m (£1.1m) and after taking into account the Temporary Employment Subsidy which was lower than in 1977.

The chairman reports that export sales have maintained the

volume reached last year and the contribution to the trading profit by overseas companies was at a similar level to 1977.

In addition to the exchange losses charged to profit and loss, exchange profits taken direct to reserves in respect of fixed assets amounted to £220,000 (£368,000 losses).

The interim dividend is increased from 0.5885p to 0.6885p—the total for 1977 was 2.1p paid from pre-tax profit of £16.4m.

External sales: 138.1m, 1978; 131.1m, 1977. Trading profit: 7.98m, 1978; 10.28m, 1977. Interest, payable: 2.94m, 1978; 2.94m, 1977. Profit before tax: 5.04m, 1978; 7.34m, 1977. Exchange losses: 3.50m, 1978; 3.50m, 1977. Profit before tax: 1.54m, 1978; 3.84m, 1977. Taxation: 0.70m, 1978; 0.70m, 1977. Net profit: 0.84m, 1978; 3.14m, 1977. Dividends: 0.69p, 1978; 0.59p, 1977. Attributable ordinary: 0.69p, 1978; 0.59p, 1977. Interim dividend: 0.69p, 1978; 0.59p, 1977. Final dividend: 0.69p, 1978; 0.59p, 1977. Total dividend: 1.38p, 1978; 1.18p, 1977. Accounting policy for deferred tax and foreign currency translation adopted in the accounts for 1977.

Capital expenditure during the period amounted to £6.5m compared with £5m in 1977. Imperial Chemical Industries has a 49.4 per cent stake in the company. See Lex

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Other matters 297144

|                                       | 23 weeks |       |
|---------------------------------------|----------|-------|
|                                       | 1972     | 1977  |
|                                       | 5090     | 5090  |
| Turnover                              | 4,332    | 3,957 |
| Depreciation                          | 89       | 82    |
| Interest                              | 149      | 180   |
| Profit before tax                     | 329      | 75    |
| Tax                                   | 9        | 3     |
| To minorities                         | 4        | 3     |
| Extraord. debit                       | 313      | 87    |
| Attributable                          |          |       |
| 1 Consists of losses on sale of fixed |          |       |

Earnings per A and B shares are shown at 7.48p against 6.015p and the estimated net asset value, fully diluted, at June 30 was 98.3p compared with 86p. As at August 7, it had risen to 104.6p.

The directors are recommending a final dividend of 3.09875p making a total of 4.58375p against 3.6975p. An interim dividend of 1.675p is also declared for the current year. The capital dividend on the B shares has not

industries— which are the company's main customers: "We achieved these results to some extent by doubling our export sales," the chairman adds: exports for 1977 amounted to \$484.513 (\$246,048).

The Mill at Cam worked to capacity throughout the year, but the company's two board production lines in Trefores could not cope with the extra demand. Mill output was unable to be sold. Mr. Vogel states that the continuing problems in the motor industry with the resultant drop in car production and changes in scheduling, make forward planning very difficult.

In August 1977 Western sold Turner and Co. (Cardiff), waste paper collecting and processing company, to help in the rational-

He says that among its achievements during the year were: the successful projection and recording of stars; the establishment of a new record label, the extension of its manufacturing agreements with Warner Communications; the conclusion of a national manufacturing, distribution and sales arrangement with United Artists Records; the manufacture and sale of its own magnetic product division, supported by a dependable product range; and its victory in the class action suit filed against Capitol Industries.

From turnover of £3.36m against £2.68m pre-tax profit of Davies and Metcalfe advanced from £203,379 to £249,260 in the June 30, 1973, half year.

After tax of £139,615 (£105,797 net profit of the electrical and engineering was £119,645 (£97,682)). The interim dividend is up from 0.2233p net per 10p share to 0.2456p. Last year a 0.4367p final was paid, adjusted for the one-for-one scrip issue. Total profit last year was a record £0.83m.

director, has disposed of 200,000 shares, reducing interest to 987,000 shares at six per cent. **Godfrey Davis**—The Bookbinder business—its holdings are (in pence): Mr. L. Roydon, director, sold 100,000 Cariton Industries at 210p on July 28, 1978. Invergordon Distillers is a subsidiary of Cariton Industries.

**Palabora's half-year**

ONE OF the few copper mines that is still making profits, the Tinto-Zinc group's South African Palabora operation reports a half-year net earnings of

African Vogelstrubbs Metall Holdings in the Consolidated Gold Fields group. The interim dividend is raised to 4 cents from 3 cents a year ago when the total was 7.

profit of £128m or 8.3 cents per share, compared with R767,000 a year ago is reported by the South

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## INTERNATIONAL COMPANY NEWS

## Public prosecutor to probe Swiss bank

By John Wicks

ZURICH, August 9. The Public Prosecutor's Office of the Zurich district is investigating the financial difficulties of Ansbachbank Zurich AG. The bank, which remains open for business with the aid of a Swiss 25m (\$14.8m) guarantee from former shareholders, has been suspended from operating as a stockbroker bank on the Zurich bourse.

Last week, the bank's board, delegate and sole manager, Kurt Grutwohl, was barred from the trading floor of the stock exchange.

Ansbachbank Zurich, which has a capital of SwFr 5m, was formed in 1950. Its balance-sheet total is given as SwFr 30m for last year, compared to SwFr 43.5m in 1976. An interim auditor's report drawn up last month showed provision requirements of SwFr 15.5m as well as an over-valuation of certain assets and low liquidity.

The Banking Commission has allowed the bank to continue operations following a guarantee made by two former shareholders, Dr. Paul Sacher, majority shareholder of the Hoffmann-La Roche concern, and Dr. Adolf Jann, former Roche chairman. Sacher and Jann sold their shareholdings in the bank to Grutwohl earlier this year.

The commission has stated that write-downs will be necessary on certain loans.

**Demag profits satisfactory**

By Jonathan Carr

DEMAG, the West German mechanical engineering concern controlled by Mannesmann, expects satisfactory profits in 1978 after a first half of strong sales growth, especially abroad. Last year's net profit rose to DM 25m (\$14m) from DM 11m on turnover totalling DM 2.3bn.

First half sales increased by 6 per cent to DM 1.1bn. Domestic turnover rose by 9 per cent and foreign sales shot up by 17 per cent, thanks in particular to the carrying through of several particularly large individual contracts.

Order intake shows the position reversed. Here domestic orders were up by 14 per cent to DM 431m while foreign orders rose by only 2 per cent to DM 719m.

The sluggish development abroad is ascribed to the slow economic recovery in key European countries. It means that in the first half foreign orders made up 62 per cent of total orders against 66 per cent in the same period of 1977. Orders in hand have risen by 2 per cent since the start of this year to DM 3bn.

The sharp rise in domestic orders is due not least to an increased demand for construction machinery reflecting the relative boom in the building sector in general, and the widening through of government measures to promote road construction in particular.

**Weekly net-asset value on August 7, 1978**

Tokyo Pacific Holdings N.V. U.S. \$69.03

Tokyo Pacific Holdings (Seaboard) N.V. U.S. \$50.30

Listed on the Amsterdam Stock Exchange

Information: Present, Holding & Finance N.V. Haringvliet 214, Amsterdam

## Venezuela loan emphasises weak lending margins

BY FRANCIS CHILDS

VENEZUELA is raising \$200m for 10 years with a four year grace period on a split spread of 1 per cent for the first three years rising to 2 per cent. The bank mandated to arrange this loan is Lloyds Bank International.

The most recent loan for this country, signed in February, carried a spread of 1 per cent for 10 years. The new loan carries lighter terms than expected, but on the other hand the size of the loan is less than half the amount expected.

The terms finally agreed for this loan are likely to put paid to hopes that margins are on the way up.

Diane Smith writes from Rio de Janeiro. The terms of the proposed medium term loan from German banks to the Brazilian Government have now been agreed. Brazilian reports indicate. According to the reports, the \$200m loan will be in two equal tranches. One \$100m tranche will offer a margin over inter-bank rates of 11 per cent for 10 years and maturity, and the other tranche will offer a margin of 1 per cent for 10 years final maturity.

There would be 20-year grace periods in both cases.

In addition to the \$200m medium-term loan, a \$100m suppliers' credit is in the process of being finalised via Deutsche Bank. This credit would carry a rate of 14 per cent over 20 years, with grace periods varying from 10 to 15 years.

The syndication of the \$200m seven year loan for the Republic

of Portugal, which is being arranged by seven banks, will close later today, managers say. The market response has been good despite the political uncertainty at present ruling in Lisbon. This loan carries a spread of 1 per cent throughout and a four and a half year grace period.

At December 31, 1977, the external funded debt (excluding debt of the Republic of Portugal) amounted to \$1.3bn, calculated at the then prevailing exchange rate of Escudos 30.7 for one dollar. Of this \$1.3bn total of funded debt, \$800m was guaranteed by the Republic, and the remainder was debt guaranteed by the Republic.

Several other loans have been raised since then, most notably \$20m from the IMF, \$750m under the aegis of the OECD, \$350m from West German banks and \$300m, the loan currently in the market.

Debt service figures provided to lending banks in connection with the loan show that interest and amortisation on the \$200m portion of the debt outstanding at the end of 1977 will be between \$31m and \$33m this year and during each of the next four years.

These figures do not include interest and amortisation on the debt guaranteed by the Republic which was outstanding in December, 1977, nor do they take into account all the loans raised recently.

ing according to the delivery date of the equipment being supplied.

The costs of the Itaipu project are expected to be revised upwards at the end of this year to a figure of \$8.6bn, not including a probable extra \$1.5bn for transmission lines.

Mary Campbell adds: Yesterday the indications from German banking sources were that final confirmation of the terms could not be expected for another fortnight. It is likely to go into the syndication stage in the autumn.

It confirmed at the levels indicated by the Brazilians, the terms would mark a further major improvement for Brazil.

The recently completed \$750m medium term credit for Itaipu, which was guaranteed by the Government of Brazil, paid margins of 2 per cent for 12 years and 11 per cent for 10 years, with six years' grace.

The most recent big Brazilian state guaranteed credit to be announced is \$100m offering 14 per cent for 10 years and 11 per cent for 12 years. It has signed an \$85m 10 year credit with a group of banks, of which Hambros is the agent. The borrower is paying a spread of 1 per cent for the first two years rising to 2 per cent with two years' grace.

The syndication of the \$200m seven year loan for the Republic

## Currency, Money and Gold Markets

## Sterling and D-mark strong

Sterling was sharply firmer in yesterday's foreign exchange market as was the West German mark, both more notably against the U.S. dollar. The pound opened at \$1.935-1.935 and touched \$1.935-1.935 before easing back to \$1.935-1.935.

Against other major currencies, the pound showed an improvement and the Bank of England's calculation of its trade weighted index rose to 62.1 at noon and 62.2 at the morning close.

The D-mark's performance could almost be called a catching up process. Recently the Swiss franc and the yen have improved strongly against the dollar but the mark has lagged behind. However, now that the Bonn summit is no longer an influencing factor, the mark has been making up for lost time and yesterday reached an all time high against the dollar of DM1.9830, still up from Tuesday's close of DM1.9830.

Renewed fears about inflation and a continuing huge trade deficit helped to depress the dollar and it slipped to SwFr 1.8680 against the Swiss franc compared with a record level of SwFr 1.8680 earlier on Tuesday's close of SwFr 1.8680.

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Using Morgan Guaranty figures at noon in New York, the dollar's trade weighted average depreciation widened to 9.9 per cent, its worst level ever and compared with 9.5 per cent on Tuesday.

FRANKFURT—The dollar was fixed again at a record low against the West German mark at DM 1.9732 from DM 1.9830 previously and there was no Bundesbank intervention at the fixing. However there appeared to be some official intervention earlier on when the U.S. currency fell to DM 1.9830.

The Swiss franc improved slightly to DM 1.1775 from DM 1.1756 in terms of the D-mark while the latter was firmer against the Swiss franc. The rate fell to DM 91.81 per 100 guilders, slightly below its lower intervention point within the European "snake".

However, at the fixing the guilders recovered to DM 92.05. The Belgian franc traded above its floor level and was fixed at DM 8.344 per 100 francs. In later trading the dollar made a slight recovery to DM 1.9765.

Against 22 other currencies, the Bundesbank trade-weighted mark revaluation index jumped to 147.5 from 147.2 previously and showed a 2.5 per cent appreciation from the end of 1977.

PARIS—The French franc was given support from time to time by the French Central Bank and was generally weaker except against the dollar. Trading was nervous and the U.S. currency eased to FF 4.5337 from FF 4.5330 on Tuesday. The West German mark was quoted at FF 2.0500 compared with FF 2.0512 previously while sterling pushed ahead to FF 4.5877 from FF 4.5333.

TOKYO—in moderate trading the dollar was somewhat steadier against the Japanese yen and closed at Y187.30 compared with Y187.375 on Tuesday. The currency dipped to Y186.40 at one point although it is likely that the Bank of Japan would have intervened had it fallen any further.

ZURICH—Trading was very busy during the morning and the Swiss franc rose sharply against the dollar before there appeared to be some central bank intervention. The dollar was quoted at SwFr 1.8670 above its record low of SwFr 1.8682.

## THE POUND SPOT

| Aug. 9       | Bank rate | Day's spread  | Close         |
|--------------|-----------|---------------|---------------|
| U.S. \$      | 71 1/2    | 1.935-1.935   | 1.935-1.935   |
| Canadian \$  | 9         | 2.175-2.175   | 2.175-2.175   |
| Belgian fr   | 4 1/2     | 4.18-4.18     | 4.18-4.18     |
| French fr    | 10        | 87.25-87.25   | 87.25-87.25   |
| German DM    | 16        | 16.15-16.15   | 16.15-16.15   |
| Italian Lira | 17 1/2    | 17.15-17.15   | 17.15-17.15   |
| Japanese Yen | 110       | 110.15-110.15 | 110.15-110.15 |
| Spanish Pes. | 166       | 166.15-166.15 | 166.15-166.15 |
| Swiss Fr     | 20        | 20.15-20.15   | 20.15-20.15   |
| U.S. \$      | 71 1/2    | 1.935-1.935   | 1.935-1.935   |

Belgian rate is for convertible francs. Financial times 62.75-62.80.

## THE DOLLAR SPOT

| Aug. 9       | Bank rate | Day's spread  | Close         |
|--------------|-----------|---------------|---------------|
| U.S. \$      | 71 1/2    | 1.935-1.935   | 1.935-1.935   |
| Canadian \$  | 9         | 2.175-2.175   | 2.175-2.175   |
| Belgian fr   | 4 1/2     | 4.18-4.18     | 4.18-4.18     |
| French fr    | 10        | 87.25-87.25   | 87.25-87.25   |
| German DM    | 16        | 16.15-16.15   | 16.15-16.15   |
| Italian Lira | 17 1/2    | 17.15-17.15   | 17.15-17.15   |
| Japanese Yen | 110       | 110.15-110.15 | 110.15-110.15 |
| Spanish Pes. | 166       | 166.15-166.15 | 166.15-166.15 |
| Swiss Fr     | 20        | 20.15-20.15   | 20.15-20.15   |
| U.S. \$      | 71 1/2    | 1.935-1.935   | 1.935-1.935   |

Belgian rate is for convertible francs. Financial times 62.75-62.80.

## CURRENCY RATES

| Aug. 9       | Special Drawing Rights | European Unit of Account |
|--------------|------------------------|--------------------------|
| U.S. \$      | 1.675-1.675            | 1.675-1.675              |
| Canadian \$  | 1.675-1.675            | 1.675-1.675              |
| Belgian fr   | 1.675-1.675            | 1.675-1.675              |
| French fr    | 1.675-1.675            | 1.675-1.675              |
| German DM    | 1.675-1.675            | 1.675-1.675              |
| Italian Lira | 1.675-1.675            | 1.675-1.675              |
| Japanese Yen | 1.675-1.675            | 1.675-1.675              |
| Spanish Pes. | 1.675-1.675            | 1.675-1.675              |
| Swiss Fr     | 1.675-1.675            | 1.675-1.675              |
| U.S. \$      | 1.675-1.675            | 1.675-1.675              |

U.S. cents per Canadian \$.

## CURRENCY MOVEMENTS

| Aug. 9       | Bank of England | Morgan Guaranty |
|--------------|-----------------|-----------------|
| U.S. \$      | 71 1/2          | 71 1/2          |
| Canadian \$  | 9               | 9               |
| Belgian fr   | 4 1/2           | 4 1/2           |
| French fr    | 10              | 10              |
| German DM    | 16              | 16              |
| Italian Lira | 17 1/2          | 17 1/2          |
| Japanese Yen | 110             | 110             |
| Spanish Pes. | 166             | 166             |
| Swiss Fr     | 20              | 20              |
| U.S. \$      | 71 1/2          | 71 1/2          |

Rate given for Argentina in true rate.

## OTHER MARKETS

| Aug. 9         | U.S. \$       | U.S. \$       | U.S. \$       |
|----------------|---------------|---------------|---------------|
| Argentina Pes. | 1.584-1.584   | 1.584-1.584   | 1.584-1.584   |
| Australian \$  | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| British \$     | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Canadian \$    | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| French fr      | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| German DM      | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Italian Lira   | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Japanese Yen   | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Spanish Pes.   | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Swiss Fr       | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| U.S. \$        | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |

Rate given for Argentina in true rate.

## EXCHANGE CROSS-RATES

| Aug. 9         | U.S. \$       | U.S. \$       | U.S. \$       |
|----------------|---------------|---------------|---------------|
| Argentina Pes. | 1.584-1.584   | 1.584-1.584   | 1.584-1.584   |
| Australian \$  | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| British \$     | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Canadian \$    | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| French fr      | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| German DM      | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Italian Lira   | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Japanese Yen   | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Spanish Pes.   | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Swiss Fr       | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| U.S. \$        | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |

Rate given for Argentina in true rate.

## EURO-CURRENCY INTEREST RATES

| Aug. 9         | U.S. \$       | U.S. \$       | U.S. \$       |
|----------------|---------------|---------------|---------------|
| Argentina Pes. | 1.584-1.584   | 1.584-1.584   | 1.584-1.584   |
| Australian \$  | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| British \$     | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Canadian \$    | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| French fr      | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| German DM      | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Italian Lira   | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Japanese Yen   | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Spanish Pes.   | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| Swiss Fr       | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |
| U.S. \$        | 1.5775-1.5775 | 1.5775-1.5775 | 1.5775-1.5775 |

Rate given for Argentina in true rate.

## INTERNATIONAL MONEY MARKET

## Belgian bank rate unchanged

The Belgian bank rate was left unchanged at 6 per cent after yesterday's meeting of the National Bank's ruling council. This came as something of a surprise to a market which had freely expected around a one point rise, after Monday's decision to raise the rates on short term Treasury certificates and four month bank paper.

However it seems reasonable to suggest that the Belgian authorities are unwilling to play all their cards at once, and the possibility of an increase in the bank rate cannot be ruled out in the near future.

Deposit rates for the Belgian franc (commercial) were 7 1/2 per cent for one month, 7 1/2 per cent for three months and 7 1/2 per cent for six months. Deposit rates for one year were quoted at 8 1/2 per cent.

NEW YORK—Treasury bills showed a slightly easier tendency with 13-week bills at 6 1/2 per cent compared with 6 1/2 per cent on Tuesday. One-month bills were also down at 7 1/2 per cent compared with 7 1/2 per cent on Tuesday. Federal funds were quoted at 7 1/2 per cent compared with 7 1/2 per cent on Tuesday. Treasury certificates of deposit were unchanged at 7 1/2 per cent while two-month deposits were easier at 7 1/2 per cent. The three-month rate was also down at 7 1/2 per cent from 7 1/2 per cent. Six-month money was slightly easier at 7 1/2 per cent from 7 1/2 per cent. Paris—Money market rates were generally firmer with call money at 7 1/2 per cent compared with 7 1/2 per cent on Tuesday. One-month money was 7 1/2 per cent from 7 1/2 per cent. Six-month money was 7 1/2 per cent from 7 1/2 per cent. Hong Kong—Conditions in the money market were easier than on Tuesday, with call money at 5 1/2 per cent and overnight business dealt at 5 1/2 per cent.

AMSTERDAM—Interbank money

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AMSTERDAM—Interbank money

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AMSTERDAM—Interbank money

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WORLD STOCK MARKETS

Dow 8 up at mid-session on 34m volume

INVESTMENT DOLLAR

STOCKS ON WALL STREET moved strongly ahead from the opening yesterday to record further new highs for the year at mid-session after sharply increased trading volume.

The Dow Jones Industrial Average advanced 8.14 to 897.35 at 2 p.m., while the NYSE Common Index was 55 cents higher at 550.02 with rises out-

Closing prices and market reports were not available for this edition.

higher at 550.02 with rises out-  
scoring declines by about a ten-  
to-three margin. Turnover ex-  
panded to 34.35m shares from  
Tuesday's 32.1m of 21.6m.

Alcoa's stock also continued  
their advance—Boeing rose 13  
to 74 1/2 and Lockheed 13 to 53 1/2.

Weyerhaeuser moved ahead 13  
to 53 1/2 after announcing an offer  
to repurchase up to 3.5m of its

common shares at \$32 cash for  
each share from now until August  
22, unless extended.

Kennametal climbed 1 1/2 to 34 1/2  
after reporting fourth quarter  
earnings. LTV rose 1 1/2 to 31 1/2.

Digital Equipment, however,  
dipped 2 1/2 to 51 1/2—the company  
reported only a slight rise in  
fourth-quarter earnings.

The AMERGEN SE Market Value  
Index moved ahead 1.24 further to  
160.27 at 1 p.m. on volume of  
2.4m shares (2.50m).

Resorts International A  
advanced 2 1/2 to 86 1/2 and Angat  
1 1/2 to 52 1/2.

Medfield rose 1 1/2 to 22 1/2 after  
news that the National Medical  
Enterprises Board has approved  
revised terms for a proposed  
merger with Medfield. Terms call  
for Medfield's common to be  
exchanged for \$2.5m in National  
Medical common and preferred stock.

Canada  
Markets continued in firm  
active early dealings yesterday,  
with the Toronto Composite Index  
adding 2.9 to 1223.2 at mid-day.

Oil and Gas 7.7 to 10.44, 2  
and Metals and Minerals 0.21 to 185.04.

Pacific Investments' 13 per cent  
interest in TransCanada. CPI rose  
1 to 52.21.

General Properties  
added 1 1/2 to 34 1/2 after  
reporting fourth quarter earnings.  
LTV rose 1 1/2 to 31 1/2.

Torstar "B" shed 1 1/2 to 31 1/2—  
the company, which reported  
higher third-quarter earnings,  
said it expects a flat final quarter.

Germany  
Shares continued to move  
higher in lively trading following  
the rise of the mark against the  
dollar in foreign exchange deal-  
ings. Spurred on by both foreign  
and domestic purchases, prices  
firmed almost across the board,  
with only Motors and Construc-  
tions, two export-dominated  
sectors, going against the trend.

The Commerzbank index climbed  
5.3 more to 514.5.

Brokers said that foreign  
orders, hoping to gain by capital-  
izing on expected exchange rate  
appreciation, flowed into the stock  
market.

Deutsche Bank moved ahead  
DM 6, while in Stores, Kaufhof  
rose DM 2.50 and Herten DM 2.30.

Whereas the DAX rose DM 5.50  
and Lowenherz DM 5.00, BMW,  
in Motors, shed DM 1.50.

On the other hand, Kote  
Ceramic lost Y120 to Y3,720.

Kyushu Matsushita Electric Y24  
to Y240, Nippon Telephone Com-  
munications Y20 to Y2,670.

Security Patrol Y40 to Y2,130,  
Sankyo Electric Y34 to Y475,  
Nishikawa Y33 to Y475.

Despite afternoon profit-taking,  
stocks closed generally higher  
activity. The Hang Seng 30  
was finally 3.94 firmer at 621.58.

Its highest closing level since the  
622.50 recorded on November 13,  
1971. Turnover on the board  
changes aggregated HK\$27.31m  
against Tuesday's HK\$27.85m.

Jardine Matheson and Utilities  
led the advance with Jardine  
rising 90 cents to HK\$17.20. Hong  
Kong Electric shed 10 cents to  
HK\$3.75 ahead of the inter-  
mediate results, while China Light  
and Power rose 10 cents to HK\$2.20.

Hong Kong Land rose 20 cents  
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Whampoa and Wheelock put on  
10 cents apiece to HK\$6.50 and  
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Taipei Dengro Kaisha Y30 to  
Y1,050, Yien-Kenwood Corporation  
Y30 to Y220 and K. Hattori Y30  
to Y1,230.

Paris  
Reversing the reactionary ten-  
dency of late, Bourse prices  
closed with a firm bias yesterday  
after a reasonable business.

Further profit-taking was well  
absorbed and foreign buying was  
noted.

Operators cited as helping senti-  
ment comment by West Germany's  
Bank für Sozialwirtschaft, which  
reportedly said that despite the  
stock market's recent sharp up-  
swing, French shares should  
continue to rise.

A note of a point rise in Call  
money at 10 per cent made little  
impact, as operators now consider  
the rate fluctuates freely from  
day-to-day and more significance  
should be attached to the one-  
month rate.

Pharmaceuticals and Chemicals  
showed gains, while Real Estate  
was also firm, helped by reports  
that land prices in the outskirts  
of metropolitan areas are rising.

Kakao Chemicals rose Y500 to  
Y3,600, Arabian Oil Y250 to  
Y1,900, Meto Sangyo Y200 to  
Y1,350, Eisai Chemical Y200 to  
Y1,350, Yamaichi Y150 to Y1,350.

Kosaka Gas Kogyo Y100  
to Y750, Toho Real Estate Y100  
to Y750, Sanitome Precision Pro-  
ducts Y100 to Y750 and Toyo Gas  
Y100 to Y750.

On the other hand, Kote  
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NEW YORK—DOW JONES

| Aug. 9       | Aug. 8 | Aug. 7 | Aug. 6 | Aug. 5 | Aug. 4 | Aug. 3 | Aug. 2 | Aug. 1 | 1972   | Since Completion |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------------|
| Ind. Index   | 549.21 | 548.55 | 548.44 | 548.37 | 548.34 | 548.31 | 548.28 | 548.25 | 548.22 | 548.19           |
| Transp.      | 549.21 | 548.55 | 548.44 | 548.37 | 548.34 | 548.31 | 548.28 | 548.25 | 548.22 | 548.19           |
| Utilities    | 549.21 | 548.55 | 548.44 | 548.37 | 548.34 | 548.31 | 548.28 | 548.25 | 548.22 | 548.19           |
| Trading vol. | 34,350 | 32,100 | 30,900 | 29,700 | 28,500 | 27,300 | 26,100 | 24,900 | 23,700 | 22,500           |

\* Data of Index changed from August 14

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|                     |                  |                  |                  |                  |                              |                                |
|---------------------|------------------|------------------|------------------|------------------|------------------------------|--------------------------------|
| Industrial Combined | 199.55<br>207.17 | 199.55<br>208.55 | 198.05<br>205.45 | 198.15<br>205.05 | 198.65 (2/7)<br>207.17 (3/3) | 192.90 (15/2)<br>170.62 (30/1) |
| NYSE Composite      | 1220.5 (c)       | 1216.8           | 1214.5           | 1220.5 (3/3)     | 666.2 (30/1)                 |                                |



# FARMING IN RAW MATERIALS

## Storms threaten grain crops

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

which looked so promising a few weeks ago, could well be very disappointing. The weather does not change within a few days. From all parts of the country there are tales of beaten-down crops and damaged grain. Although some of these reports may be exaggerated, because farmers are generally pessimists, there is no doubt that the grain harvest could be on the verge of disaster.

The damage at this stage is more likely to affect quality than quantity, and a good deal of grain may have been damaged already. The only saving grace in the situation is that because of the cool summer, many of the crops are not quite mature.

But once they are mature, germination can occur, as happened widely in last year's similar conditions, and the grain becomes useless for anything but animal feed.

Wheat is particularly vulnerable to the rain, which holds moisture, keeping the grain in a

perfect environment to swell and germinate. It will do this even when standing perfectly straight.

The ears of barley hang and the water tends to run off, but even so, a prolonged spell of humid weather will cause sprouting.

In the case of alternation of wet and dry weather, barley splits. This does as much damage to quality as actual germination. Once crops are beaten down, they become much harder to combine because they take longer to dry out and become overgrown with either second growth or weeds. The weed situation has been improved for farmers who took the trouble to use a pre-emergent weed-killer before sowing last autumn.

Second growth, which affects spring barley in particular, means that the crop becomes smothered by immature grain, which completely ruins the sample. A great deal of barley, especially in East Anglia, went

down in June, and is badly affected.

The physical damage has been considerable. The heavy rains since July 30 have probably taken a toll of at least 10 per cent of potential yield through heads being broken off the mature crops of barley, and this damage gets worse as the bad weather continues.

Most farmers are equipped with sufficient drying capacity to cope with the worst of seasons, but running costs are high and the resultant grain, even when dried, has in the cases where it has germinated, lost its value for milling, malting or seed.

There is, of course, a market for all grain as animal feed, even when suffering from weather damage, but the returns to farmers are less than that sold for human consumption.

A spokesman for the National Farmers' Union described farmers' harvest prospects as dismal. "It's a story of tangled crops looking more like camouflage nets than cornfields," he said.

Cereal crops in the north west of England were being damaged by birds as well as the weather, and farmers could not get into the wet fields to lift potatoes.

The National Weather Centre at Bracknell forecast temperatures "still below average as far as harvest weather is concerned."

The weather would become worse before the end of August but still be changeable with up to average rainfall.

## Sharp rise in sugar exports

By Our Commodities Staff

THE AMOUNT of sugar cleared for export at the Common Market's weekly tender rose sharply yesterday. The maximum export subsidy, however, was reduced.

The sugar management committee approved the export of 43,500 tonnes of white cane sugar, compared with 36,750 tonnes last week and reduced the subsidy from 26 pence of account per 100 kilos to 25.49 pence.

The London daily price for raws was raised another 11p yesterday morning to 293 a tonne, and, as the world market retained its buoyancy, futures prices advanced again.

December sugar, for example, gained 2.20 on the day to close at 255.525 a tonne. The Belgian Sugar Beet Association said rain and low temperatures had held up development of the crop.

## CARIBBEAN AGRICULTURE

# War on hunger given new life

BY CANUTE JAMES

KINGSTON, August 8.

THE CONTINUING thaw in relations between the 12 members of the Caribbean Common Market (Caricom) has opened the way for implementation of the group's most ambitious programme of co-operation in its five-year history.

Just under three years ago the members of the community worked out plans for a food production scheme. The aim was to reduce the region's \$600m annual food import bill, and eliminate the malnutrition which has pushed an estimated 7,000 children in the Commonwealth Caribbean to the edge of death. A further 90,000 are said by regional health authorities to be "moderately malnourished."

Political and trade squabbles, however, left most of the plans on the drawing board until the successful Ministerial Council meeting in Kingston breathed new life into the economic movement.

Now it is reported that the food plan is one of the programmes to be treated with priority, although it is unlikely that targets set for a decade after its launching will be achieved.

soya and 2m pounds of peas available to implement and run the projects. It is estimated that the crop and livestock programmes will provide 26,000 new jobs.

## Distribution

With 4.5m people in the 12 member states, the Caribbean is a massive importer of food, finding a ready market for the corporation's output will not be a problem.

However, getting the food to the market could be, as the under-developed marketing and distribution systems in most Caribbean countries have had difficulties in handling quantities which are modest compared with those which the corporation hopes to produce.

The Agricultural Marketing Corporation has recently been unable to move produce from fields, despite forecasts of heavy production.

The greatest threat to the plan, however, is the ever-present risk that political differences between member countries might again stall or even kill the programme.

Political leaders took the formal decision to establish the corporation when they had their last official summit in St. Kitts in December 1975. Since then little has been done to implement the schemes, while the region's food needs and economic stability have worsened.

## Less cocoa

used in U.S.

WASHINGTON, August 9. U.S. COCOA bean use in the second quarter of 1978 totalled nearly 125m lbs—down 33 per cent compared with the corresponding period last year, the Department of Commerce said.

Net imports of cocoa products in the same period were down 52 per cent.

Cocoa grindings accounted for 88 per cent of the beans used, compared with 85 per cent in the second quarter of last year, with the balance supplied by imports.

The department said that total use could not necessarily be equated with consumption in any given quarter, because part of the total might be used to build

## Renewed uncertainty on coffee fund

BY RICHARD MOONEY

UNCERTAINTY OVER whether or not major coffee producers are considering setting up an international coffee price support fund came to the fore again yesterday after an overnight statement by Sr. Camillo Calazans, president of the Brazilian Coffee Institute, that the question was "a matter of commercial secrecy."

The question arose a week ago while coffee producer representatives were in London for an International Coffee Organisation executive Board meeting.

Rumours circulating in the market then said that certain producers were planning to contribute \$150m each to a fund aimed at maintaining a minimum price of 150 cents a kilo—current prices are around 120 cents. The total value of the proposed fund was estimated at about \$1bn.

The rumours were quickly denied, however. Sr. Manuel Aguilera, director general of the Mexican Coffee Institute, commented: "There are a thousand rumours—but this one has no basis."

Nevertheless, Tuesday's statement by Sr. Calazans has effectively reopened the issue. His comment, which appears deliberately vague, has been interpreted in some quarters to mean that there is a price support scheme already in operation. Others believe that no such fund exists, but that the Brazilian

coffee chief would like the market operators to believe there is one.

Both these interpretations would suggest that Sr. Calazans was trying to boost world coffee prices.

If this was the case he has enjoyed little success so far. At last night's close, November delivery robusta coffee on the London futures market was quoted at \$1,810.25 a tonne, 48 pence up on the day. This rise did not fully reflect overnight gains in New York.

It was suggested in coffee market quarters that the rise had been restricted by the influence of the stronger tone of sterling against the dollar.

Rumours that Brazil had sold 3m bags (60 kilos each) of coffee to Russia and that some Central American producers had withdrawn from the market had little effect on sentiment. Dealers said there was very little physical business.

In his statement Sr. Calazans said that Brazil would continue to defend its minimum export price of 150 cents a kilo. Asked whether Brazil needed to sell coffee because of its spiralling trade deficit he said: "Brazil always needs to sell coffee, but there is no buyer in sight and nothing to be gained from lowering the price in order to sell at the margin."

## Platinum price rise forecast

JOHANNESBURG, Aug. 9. A SOUTH AFRICAN platinum producer price for 2500 and \$250 an ounce, compared with the present \$240, is expected before the year ends, industry sources said.

They are generally bullish about the short-term market price prospects. In addition to reasonably strong demand from Japan and the automobile industry, the market reflected a weak U.S. dollar which they believed could not rapidly be corrected.

A fight out of money into commodities led to very strong investment, speculative and currency demand for platinum which was boosting the price.

Japanese consumption of platinum for jewellery, which accounted for about 30 per cent of the total, was expected to be fairly very flexible and therefore a major factor in determining producer price levels.

With currency fluctuations there had hardly been any movement in the price in yen terms for a couple of years, so that in this area further upward adjustment was possible before summer sensitivity set in.

Offered by Japan was estimated at 750,000 ounces or more for 1978, while total world demand estimates ranged between 2.6m and 2.8m ounces. Supplies were variously estimated at between 2.2m and 2.5m ounces. Reuter

## Peruvian miners are ordered back to work

BY CHRISTOPHER PARKES

THE "ILLEGAL" strike by 45,000 Peruvian miners has forced the state industry to cut shipments of lead and silver.

The Government in Lima has declared a state of emergency in the industry and ordered the miners, whose stoppage has paralysed six major mines, to return to work no later than today.

Minero-Peru told Reuter that it had declared a partial strike, but that some metal deliveries. "We find ourselves unable to fulfill all our contracts because of the miners' strike," a spokesman said.

The strike has affected production of copper, lead, silver, zinc and iron ore.

The official news agency said that the strike had been declared illegal and the miners ordered back to work in resolutions approved by President Francisco Morales Bermudez.

Miners, who have been on strike for five days, want higher pay and the reinstatement of 15 union members sacked more than a year ago.

was inevitable. Cash metal gained \$2.5 a tonne, closing at \$223.25 while three months lead advanced \$1.75 to \$236.25.

Zinc prices rose briskly during the afternoon after a sluggish morning. The impetus came mainly from announcements by Norzinc of Norway and Boliden of Sweden that they were raising their selling prices from \$550 a tonne to \$525.

Boliden said it had put up its price so that it conformed better to the present market levels and the exchange rate of the dollar.

Traders in London said that the increases corrected the anomalous situation prevailing in the European zinc market recently. They expected other producers of the metal to follow suit fairly quickly.

National Zinc in the U.S., following the lead taken by other companies, put up its price 0.5 cents to 31 cents a pound.

Copper prices were also active on the London Metal Exchange yesterday, prompted again by the possibility of a cut in shipments from Peru. Three months copper wirebars rose 25 pence to \$745.75. Forward cathodes ended at \$741.5, a gain of 23.75 a tonne.

## Capital

The food plan is being administered by the Caribbean Food Corporation, which has its headquarters in Trinidad. It is the first multinational commercial undertaking launched under the aegis of Caricom and has a share capital of 100m Trinidad and Tobago dollars.

Caricom, Guyana, and Trinidad and Tobago each own 25 per cent of the shares, with the remainder split between Barbados, Belize and the other members in the eastern Caribbean.

Despite the problems affecting the region during the past two years and the apparent inability of its political leaders to see eye to eye on most matters, one aspect of the food corporation's production plan is underway—a farm up the Berbice River in Guyana. It is run principally by Guyana, Trinidad and St. Kitts.

A pilot scheme is being undertaken on 5,000 acres which it is planned to expand eventually to 50,000. It will be planted with maize, soyabean and black-eyed peas. It was envisaged that at the end of a ten-year period the farm would provide 25m pounds of

soya and 2m pounds of peas available to implement and run the projects. It is estimated that the crop and livestock programmes will provide 26,000 new jobs.

One of the areas of greatest potential for Caribbean food production, and one which has been neglected, is fisheries. The area is not recognised as containing particularly rich fishing grounds, but regional agricultural, nutritional and marine researchers have claimed that much more could be done to positively exploit fish stocks.

The plans of the corporation have a lot in their favour. Regional officials have said that the crop and livestock projects are being sited in areas where space is readily available and where soil conditions are right. Climatic conditions are also favourable.

The farms growing cereals and vegetables, however, will have to depend on substantial quantities of imported fertilisers. A programme is being undertaken by the Caricom secretariat for the bulk purchasing and importation of fertilisers.

There are substantial agro-industrial skills in the region

## COMMODITY MARKET REPORTS AND PRICES

### BASE METALS

COPPER—Market in active trading on the London Metal Exchange. The metal moved up from 274.50 to 276.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 278.50 at one point before it fell away to close at 276.25.

LEAD—Market in active trading on the London Metal Exchange. The metal moved up from 154.50 to 156.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 158.50 at one point before it fell away to close at 156.25.

ZINC—Market in active trading on the London Metal Exchange. The metal moved up from 114.50 to 116.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 118.50 at one point before it fell away to close at 116.25.

NICKEL—Market in active trading on the London Metal Exchange. The metal moved up from 104.50 to 106.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 108.50 at one point before it fell away to close at 106.25.

ALUMINIUM—Market in active trading on the London Metal Exchange. The metal moved up from 94.50 to 96.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 98.50 at one point before it fell away to close at 96.25.

IRON—Market in active trading on the London Metal Exchange. The metal moved up from 84.50 to 86.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 88.50 at one point before it fell away to close at 86.25.

STEEL—Market in active trading on the London Metal Exchange. The metal moved up from 74.50 to 76.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 78.50 at one point before it fell away to close at 76.25.

COAL—Market in active trading on the London Metal Exchange. The metal moved up from 64.50 to 66.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 68.50 at one point before it fell away to close at 66.25.

WHEAT—Market in active trading on the London Metal Exchange. The metal moved up from 54.50 to 56.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 58.50 at one point before it fell away to close at 56.25.

BARLEY—Market in active trading on the London Metal Exchange. The metal moved up from 44.50 to 46.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 48.50 at one point before it fell away to close at 46.25.

RYE—Market in active trading on the London Metal Exchange. The metal moved up from 34.50 to 36.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 38.50 at one point before it fell away to close at 36.25.

OATS—Market in active trading on the London Metal Exchange. The metal moved up from 24.50 to 26.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 28.50 at one point before it fell away to close at 26.25.

MAIZE—Market in active trading on the London Metal Exchange. The metal moved up from 14.50 to 16.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 18.50 at one point before it fell away to close at 16.25.

SOYABEANS—Market in active trading on the London Metal Exchange. The metal moved up from 4.50 to 6.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 8.50 at one point before it fell away to close at 6.25.

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### COFFEE

ROBUSTA—Market in active trading on the London Metal Exchange. The metal moved up from 114.50 to 116.25 in the morning following continuing talk of an imminent force majeure from Peru. The upward trend continued during the afternoon, with the price rising to 118.50 at one point before it fell away to close at 116.25.

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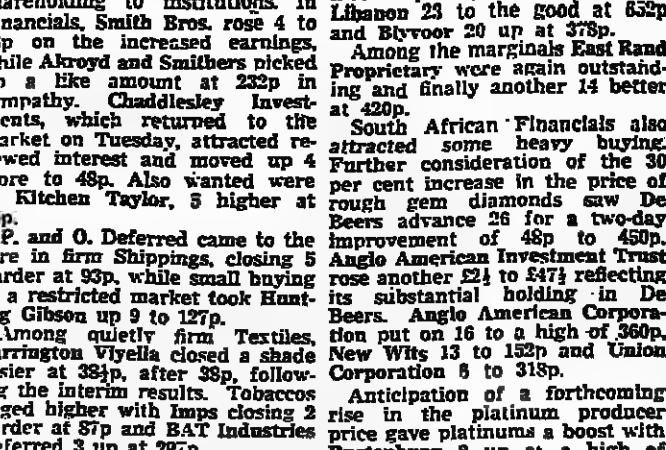
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## Widespread advance in equities after initial bout of uncertainty—Share index jumps 9.2 to 516.2

[illegible]

|            |                  |       |       |
|------------|------------------|-------|-------|
| 43.5       | Special dividend | 33.2  | 64.7  |
| (26.10.77) | Total            | 132.4 | 132.5 |

## TIONS

| Premier                          | Consolidated | Off |
|----------------------------------|--------------|-----|
| J. Lyons, Central                |              | and |
| Sheerwood, Grand Metropolitan    |              |     |
| Mills and Allen, Leamth, Lee     |              |     |
| Cooper, Lister, Seimund, and     |              |     |
| Woolworth, Maple, Alderman       |              |     |
| P. & O. Deferred, Hunting        |              |     |
| Petroleum and Bryant, Puts       |              |     |
| were taken out in Leamth and     |              |     |
| Ladbroke Warrants, white         |              |     |
| doubles were arranged in         |              |     |
| English Property, Ladbroke       |              |     |
| Thorn Electrical and J. Lyons... |              |     |

## DED OPTIONS

| Quantity |      | Unit price |      | Amount     |        |
|----------|------|------------|------|------------|--------|
| Quantity | Vol. | Unit price | Vol. | Unit price | Amount |
| 48       | —    | —          | —    | —          | 8800   |
| 100      | —    | 138        | —    | —          | 88     |
| 75       | —    | 700        | —    | —          | 88     |
| 8        | —    | 10         | 48   | —          | 1800   |
| 16 1/2   | —    | 18         | 31   | —          | 88     |
| 8        | —    | 10         | 21   | —          | 1800   |
| 40       | —    | 40         | —    | —          | 88     |
| 80       | —    | 80         | 8    | —          | 1800   |
| 17       | —    | 8          | 88   | —          | 88     |
| 19 1/2   | —    | —          | 72   | —          | 1800   |
| 8        | —    | —          | 180  | —          | 88     |
| 81 1/2   | —    | 8          | —    | —          | 8000   |
| 1        | —    | —          | 77   | —          | 88     |
| —        | —    | —          | 61   | —          | 88     |
| 55       | —    | —          | 47   | —          | 88     |
| 40       | —    | —          | 38   | —          | 88     |
| 1        | —    | —          | 8    | —          | 1800   |
| 17.80    | —    | —          | 87   | —          | 88     |
| 8        | —    | —          | 11   | —          | 88     |
| 45       | —    | —          | 74   | —          | 88     |
| 45       | —    | —          | 68   | —          | 88     |
| 31       | —    | —          | 68   | —          | 88     |

|     |    |     |   |   |      |
|-----|----|-----|---|---|------|
| 161 | —  | 93  | — | — | —    |
| 162 | —  | 68  | — | — | 528p |
| 163 | —  | 51  | — | — | —    |
| 164 | —  | 55  | — | — | —    |
| 165 | —  | 29  | — | — | —    |
| 166 | —  | 29  | — | — | —    |
| 167 | 10 | 25  | — | — | —    |
| 168 | 2  | 5   | — | — | —    |
| 169 | 6  | 86  | — | — | —    |
| 170 | 16 | 34  | — | — | —    |
| 171 | 47 | 17  | — | — | —    |
| 172 | 8  | 1   | — | — | —    |
| 173 | 24 | —   | — | — | —    |
| 174 | 15 | 105 | — | — | 576p |
| 175 | 27 | 58  | — | — | —    |
| 176 | 27 | 45  | — | — | —    |
| 177 | 51 | —   | — | — | —    |
| 178 | —  | —   | — | — | —    |
| 179 | —  | —   | — | — | —    |
| 180 | —  | —   | — | 7 | —    |

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|  |  | 1986<br>No. | 1987<br>No. | 1988<br>No. | 1989<br>No. | 1990<br>No. | 1991<br>No. | 1992<br>No. | 1993<br>No. | 1994<br>No. | 1995<br>No. | 1996<br>No. | 1997<br>No. | 1998<br>No. | 1999<br>No. | 2000<br>No. | 2001<br>No. | 2002<br>No. | 2003<br>No. | 2004<br>No. | 2005<br>No. | 2006<br>No. | 2007<br>No. | 2008<br>No. | 2009<br>No. | 2010<br>No. | 2011<br>No. | 2012<br>No. | 2013<br>No. | 2014<br>No. | 2015<br>No. | 2016<br>No. | 2017<br>No. | 2018<br>No. | 2019<br>No. | 2020<br>No. | 2021<br>No. | 2022<br>No. | 2023<br>No. | 2024<br>No. | 2025<br>No. | 2026<br>No. | 2027<br>No. | 2028<br>No. | 2029<br>No. | 2030<br>No. | 2031<br>No. | 2032<br>No. | 2033<br>No. | 2034<br>No. | 2035<br>No. | 2036<br>No. | 2037<br>No. | 2038<br>No. | 2039<br>No. | 2040<br>No. | 2041<br>No. | 2042<br>No. | 2043<br>No. | 2044<br>No. | 2045<br>No. | 2046<br>No. | 2047<br>No. | 2048<br>No. | 2049<br>No. | 2050<br>No. | 2051<br>No. | 2052<br>No. | 2053<br>No. | 2054<br>No. | 2055<br>No. | 2056<br>No. | 2057<br>No. | 2058<br>No. | 2059<br>No. | 2060<br>No. | 2061<br>No. | 2062<br>No. | 2063<br>No. | 2064<br>No. | 2065<br>No. | 2066<br>No. | 2067<br>No. | 2068<br>No. | 2069<br>No. | 2070<br>No. | 2071<br>No. | 2072<br>No. | 2073<br>No. | 2074<br>No. | 2075<br>No. | 2076<br>No. | 2077<br>No. | 2078<br>No. | 2079<br>No. | 2080<br>No. | 2081<br>No. | 2082<br>No. | 2083<br>No. | 2084<br>No. | 2085<br>No. | 2086<br>No. | 2087<br>No. | 2088<br>No. | 2089<br>No. | 2090<br>No. | 2091<br>No. | 2092<br>No. | 2093<br>No. | 2094<br>No. | 2095<br>No. | 2096<br>No. | 2097<br>No. | 2098<br>No. | 2099<br>No. | 2100<br>No. | 2101<br>No. | 2102<br>No. | 2103<br>No. | 2104<br>No. | 2105<br>No. | 2106<br>No. | 2107<br>No. | 2108<br>No. | 2109<br>No. | 2110<br>No. | 2111<br>No. | 2112<br>No. | 2113<br>No. | 2114<br>No. | 2115<br>No. | 2116<br>No. | 2117<br>No. | 2118<br>No. | 2119<br>No. | 2120<br>No. | 2121<br>No. | 2122<br>No. | 2123<br>No. | 2124<br>No. | 2125<br>No. | 2126<br>No. | 2127<br>No. | 2128<br>No. | 2129<br>No. | 2130<br>No. | 2131<br>No. | 2132<br>No. | 2133<br>No. | 2134<br>No. | 2135<br>No. | 2136<br>No. | 2137<br>No. | 2138<br>No. | 2139<br>No. | 2140<br>No. | 2141<br>No. | 2142<br>No. | 2143<br>No. | 2144<br>No. | 2145<br>No. | 2146<br>No. | 2147<br>No. | 2148<br>No. | 2149<br>No. | 2150<br>No. | 2151<br>No. | 2152<br>No. | 2153<br>No. | 2154<br>No. | 2155<br>No. | 2156<br>No. | 2157<br>No. | 2158<br>No. | 2159<br>No. | 2160<br>No. | 2161<br>No. | 2162<br>No. | 2163<br>No. | 2164<br>No. | 2165<br>No. | 2166<br>No. | 2167<br>No. | 2168<br>No. | 2169<br>No. | 2170<br>No. | 2171<br>No. | 2172<br>No. | 2173<br>No. | 2174<br>No. | 2175<br>No. | 2176<br>No. | 2177<br>No. | 2178<br>No. | 2179<br>No. | 2180<br>No. | 2181<br>No. | 2182<br>No. | 2183<br>No. | 2184<br>No. | 2185<br>No. | 2186<br>No. | 2187<br>No. | 2188<br>No. | 2189<br>No. | 2190<br>No. | 2191<br>No. | 2192<br>No. | 2193<br>No. | 2194<br>No. | 2195<br>No. | 2196<br>No. | 2197<br>No. | 2198<br>No. | 2199<br>No. | 2200<br>No. | 2201<br>No. | 2202<br>No. | 2203<br>No. | 2204<br>No. | 2205<br>No. | 2206<br>No. | 2207<br>No. | 2208<br>No. | 2209<br>No. | 2210<br>No. | 2211<br>No. | 2212<br>No. | 2213<br>No. | 2214<br>No. | 2215<br>No. | 2216<br>No. | 2217<br>No. | 2218<br>No. | 2219<br>No. | 2220<br>No. | 2221<br>No. | 2222<br>No. | 2223<br>No. | 2224<br>No. | 2225<br>No. | 2226<br>No. | 2227<br>No. | 2228<br>No. | 2229<br>No. | 2230<br>No. | 2231<br>No. | 2232<br>No. | 2233<br>No. | 2234<br>No. | 2235<br>No. | 2236<br>No. | 2237<br>No. | 2238<br>No. | 2239<br>No. | 2240<br>No. | 2241<br>No. | 2242<br>No. | 2243<br>No. | 2244<br>No. | 2245<br>No. | 2246<br>No. | 2247<br>No. | 2248<br>No. | 2249<br>No. | 2250<br>No. | 2251<br>No. | 2252<br>No. | 2253<br>No. | 2254<br>No. | 2255<br>No. | 2256<br>No. | 2257<br>No. | 2258<br>No. | 2259<br>No. | 2260<br>No. | 2261<br>No. | 2262<br>No. | 2263<br>No. | 2264<br>No. | 2265<br>No. | 2266<br>No. | 2267<br>No. | 2268<br>No. | 2269<br>No. | 2270<br>No. | 2271<br>No. | 2272<br>No. | 2273<br>No. | 2274<br>No. | 2275<br>No. | 2276<br>No. | 2277<br>No. | 2278<br>No. | 2279<br>No. | 2280<br>No. | 2281<br>No. | 2282<br>No. | 2283<br>No. | 2284<br>No. | 2285<br>No. | 2286<br>No. | 2287<br>No. | 2288<br>No. | 2289<br>No. | 2290<br>No. | 2291<br>No. | 2292<br>No. | 2293<br>No. | 2294<br>No. | 2295<br>No. | 2296<br>No. | 2297<br>No. | 2298<br>No. | 2299<br>No. | 2300<br>No. | 2301<br>No. | 2302<br>No. | 2303<br>No. | 2304<br>No. | 2305<br>No. | 2306<br>No. | 2307<br>No. | 2308<br>No. | 2309<br>No. | 2310<br>No. | 2311<br>No. | 2312<br>No. | 2313<br>No. | 2314<br>No. | 2315<br>No. | 2316<br>No. | 2317<br>No. | 2318<br>No. | 2319<br>No. | 2320<br>No. | 2321<br>No. | 2322<br>No. | 2323<br>No. | 2324<br>No. | 2325<br> |
|--|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|
|--|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|

|                          |                               |        |      |       |      |      |        |        |        |        |        |
|--------------------------|-------------------------------|--------|------|-------|------|------|--------|--------|--------|--------|--------|
| 8                        | Mechanical Engineering (2)    | 192.40 | +1.8 | 17.04 | 5.66 | 7.86 | 188.97 | 167.27 | 184.99 | 186.03 | 170.55 |
| 9                        | Metals and Metal Forming (16) | 179.58 | +1.9 | 15.68 | 7.96 | 8.66 | 176.26 | 164.99 | 173.66 | 171.11 | 169.36 |
| <b>CONSUMER GOODS</b>    |                               |        |      |       |      |      |        |        |        |        |        |
| 11                       | DURABLES (82)                 | 218.16 | +0.4 | 15.84 | 4.80 | 8.81 | 217.29 | 215.71 | 221.88 | 210.81 | 186.77 |
| 12                       | L. Electronics, Radio TV (15) | 265.06 | +0.5 | 14.04 | 3.83 | 9.96 | 263.85 | 264.66 | 255.71 | 253.46 | 223.19 |
| 13                       | Household Goods (12)          | 185.52 | -    | 15.98 | 6.10 | 8.61 | 185.59 | 186.59 | 183.33 | 183.88 | 164.17 |
| 14                       | Motors and Distributors (25)  | 133.06 | -0.4 | 18.69 | 6.08 | 7.46 | 132.82 | 131.24 | 139.11 | 129.69 | 115.46 |
| <b>CONSUMER DURABLES</b> |                               |        |      |       |      |      |        |        |        |        |        |
| 15                       | CONSUMER DURABLES (33)        | 221.53 | +1.2 | 14.70 | 5.44 | 8.18 | 218.89 | 217.57 | 219.61 | 215.35 | 182.46 |

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|    |                             |        |      |       |      |       |        |        |        |        |        |
|----|-----------------------------|--------|------|-------|------|-------|--------|--------|--------|--------|--------|
| 36 | Tobacco (5)                 | 240.56 | +1.5 | 21.06 | 5.38 | 6.60  | 26.62  | 252.47 | 255.94 | 253.37 | 228.29 |
| 37 | Tops and Stems (5)          | 120.06 | +0.7 | 18.90 | 7.12 | 6.31  | 11.27  | 122.25 | 114.12 | 114.00 | 100.15 |
| 41 | OTHER Chemicals (98)        | 215.37 | +1.0 | 15.00 | 5.42 | 8.72  | 21.33  | 212.37 | 209.22 | 209.78 | 191.96 |
| 42 | Chemicals (19)              | 301.51 | +0.6 | 16.63 | 5.96 | 8.19  | 29.51  | 293.43 | 293.13 | 296.17 | 265.32 |
| 43 | Pharmaceutical Products (7) | 280.38 | +0.9 | 10.31 | 3.61 | 12.07 | 27.99  | 277.00 | 273.00 | 273.94 | 0.00   |
| 44 | Office Equipment (16)       | 140.50 | +2.8 | 17.05 | 5.41 | 6.96  | 136.62 | 138.62 | 136.32 | 135.25 | 216.02 |
| 45 | Shipping (16)               | 433.57 | +2.4 | 16.67 | 7.06 | 7.39  | 423.44 | 418.08 | 421.19 | 422.35 | 519.67 |
| 46 | Miscellaneous (3)           | 232.26 | +0.7 | 35.61 | 5.71 | 8.52  | 230.57 | 228.19 | 225.19 | 224.39 | 193.17 |

| 53 | INDUSTRIAL GROUP (ISS)    | 200.37  | +1.2   | 44.32 | 3.59  | 9.34  | 22.84  | 22.84  | 22.84                                | 22.84                | 22.84  |
|----|---------------------------|---|--|-------|---|---|--|--|--------------------------------------|----------------------|--------|
| 54 | —                         | 500.17 <td>+3.5 <td>14.79</td> <td>3.95 <td>7.25 <td>49.54 <td>49.60 <td>49.67 <td>49.82 <td>51.67</td> </td></td></td></td></td></td></td> | +3.5 <td>14.79</td> <td>3.95 <td>7.25 <td>49.54 <td>49.60 <td>49.67 <td>49.82 <td>51.67</td> </td></td></td></td></td></td>      | 14.79 | 3.95 <td>7.25 <td>49.54 <td>49.60 <td>49.67 <td>49.82 <td>51.67</td> </td></td></td></td></td>      | 7.25 <td>49.54 <td>49.60 <td>49.67 <td>49.82 <td>51.67</td> </td></td></td></td>      | 49.54 <td>49.60 <td>49.67 <td>49.82 <td>51.67</td> </td></td></td> | 49.60 <td>49.67 <td>49.82 <td>51.67</td> </td></td>    | 49.67 <td>49.82 <td>51.67</td> </td> | 49.82 <td>51.67</td> | 51.67  |
| 55 | SP SHARE INDEX            | 254.70  | +1.2 <td>15.06</td> <td>5.31 <td>8.67 <td>251.59</td> <td>250.05 <td>246.56</td> <td>247.10</td> <td>270.72</td> </td></td></td> | 15.06 | 5.31 <td>8.67 <td>251.59</td> <td>250.05 <td>246.56</td> <td>247.10</td> <td>270.72</td> </td></td> | 8.67 <td>251.59</td> <td>250.05 <td>246.56</td> <td>247.10</td> <td>270.72</td> </td> | 251.59   | 250.05 <td>246.56</td> <td>247.10</td> <td>270.72</td> | 246.56                               | 247.10               | 270.72 |
| 56 | FINANCIAL GROUP (100)     | 254.70  | +3.7 <td>—</td> <td>—</td> <td>—</td> <td>176.37</td> <td>174.66</td> <td>173.82</td> <td>173.10</td> <td>167.66</td>            | —     | —   | —   | 176.37   | 174.66   | 173.82                               | 173.10               | 167.66 |
| 57 | Bank (7)                  | 147.48  | +0.7 <td>23.65</td> <td>5.92</td> <td>6.34</td> <td>167.34</td> <td>167.34</td> <td>167.34</td> <td>167.34</td> <td>167.34</td>  | 23.65 | 5.92  | 6.34  | 167.34   | 167.34   | 167.34                               | 167.34               | 167.34 |
| 58 | Discount Houses (10)      | 222.84  | +1.2   | —     | —   | —   | 220.21   | 218.99   | 217.29                               | 216.80               | 192.21 |
| 59 | Hire Purchase (5)         | 168.73  | +2.2 <td>11.70</td> <td>4.88</td> <td>12.64</td> <td>165.16</td> <td>161.43</td> <td>151.77</td> <td>158.64</td> <td>156.95</td> | 11.70 | 4.88  | 12.64   | 165.16   | 161.43   | 151.77                               | 158.64               | 156.95 |
| 60 | Insurance (Life) (10)     | 157.59  | +0.8   | —     | 5.78  | —   | 156.40   | 153.98   | 149.58                               | 147.76               | 121.23 |
| 61 | Insurance (Composite) (7) | 140.36  | +2.2   | —     | 6.15  | —   | 137.37   | 137.13   | 136.50                               | 135.80               | 114.28 |

|    |                        |        |      |       |      |       |        |        |        |        |        |
|----|------------------------|--------|------|-------|------|-------|--------|--------|--------|--------|--------|
| 67 | Insurance Brokers (10) | 86.85  | +0.3 | 12.80 | 5.27 | 11.19 | 364.59 | 364.50 | 364.17 | 363.81 | 332.75 |
| 68 | Merchant Banks (18)    | 35.43  | -0.7 | —     | 5.73 | —     | 84.87  | 82.62  | 81.81  | 81.73  | 79.99  |
| 69 | Property (31)          | 259.89 | +0.6 | 7.75  | 2.88 | 71.65 | 250.32 | 250.27 | 250.42 | 251.73 | 263.98 |
| 70 | Real Estate (7)        | 249.41 | -0.2 | 23.05 | —    | —     | 249.41 | 249.37 | 249.33 | 249.47 | 252.24 |
| 71 | Investment Funds (2)   | 241.53 | -0.2 | 2.88  | 4.42 | —     | 241.53 | 241.50 | 241.57 | 241.63 | 241.69 |
| 72 | Mining/Fuels (4)       | 109.41 | +1.4 | 16.13 | 6.36 | 7.55  | 107.68 | 107.59 | 107.28 | 106.75 | 178.80 |
| 81 | Overseas Traders (19)  | 328.91 | -0.4 | 16.87 | 6.87 | 7.37  | 319.68 | 318.64 | 318.68 | 318.99 | 277.82 |
| 98 | ALL-SHARE INDEX (67.4) | 235.34 | +1.2 | —     | 5.17 | —     | 232.44 | 238.80 | 227.79 | 228.34 | 208.78 |

| FIXED INTEREST PRICE INDICES |                   |                      |                   |                            | FIXED INTEREST YIELDS<br>Sr. Govt. Av. Gross Red. |              | Wed.<br>Aug.<br>8 | Tues.<br>Aug.<br>9 | Year<br>ago<br>(approx.) |
|------------------------------|-------------------|----------------------|-------------------|----------------------------|---|--------------|-------------------|--------------------|--------------------------|
| British Government           | Wed.<br>Aug.<br>9 | Day's<br>change<br>% | nd adj.<br>To-day | rd adj.<br>1978<br>to date | 1<br>Low  | 2<br>Coupons |                   |                    |                          |
|                              |                   |                      |                   |                            | 3<br>25 years                                     | 5 years      | 8.63              | 8.63               | 7.11                     |
|                              |                   |                      |                   |                            |   | 15 years     | 10.72             | 10.73              | 10.93                    |
|                              |                   |                      |                   |                            |   | 25 years     | 11.45             | 11.44              | 11.71                    |
|                              |                   |                      |                   |                            | 4<br>Medium                                       | 5 years      | 11.25             | 11.26              | 8.21                     |

|   |               |        |       |      |      |           |               |       |       |       |
|---|---------------|--------|-------|------|------|-----------|---------------|-------|-------|-------|
| 1 | Under 5 years | 105.84 | -0.09 | —    | 5.55 | 5 Coupons | 15 years      | 11.95 | 11.95 | 11.95 |
| 2 | 5-15 years    | 115.86 | -0.01 | —    | 7.04 | 6         | 25 years      | 11.98 | 11.99 | 12.28 |
| 3 | Over 15 years | 122.07 | +0.08 | 0.28 | 8.67 | 7 High    | 5 years       | 11.94 | 11.22 | 10.28 |
| 4 | Irredeemables | 128.77 | —     | —    | 7.24 | 8 Coupons | 15 years      | 12.03 | 12.40 | 12.96 |
| 5 | All stocks    | 134.05 | -0.00 | 0.11 | 7.00 | 9         | 25 years      | 12.69 | 12.78 | 13.07 |
|   |               |        |       |      |      | 10        | Irredeemables | 11.51 | 11.50 | 11.65 |

|    |                               | Wed. Aug. 9 | Tues. Aug. 8 | Mon. Aug. 7 | Friday Aug. 4 | Thurs. Aug. 3 | Wed. Aug. 2 | Tues. Aug. 1 | Mon. Aug. 31 | Year ago (approx.) |       |
|----|-------------------------------|-------------|--------------|-------------|---------------|---------------|-------------|--------------|--------------|--------------------|-------|
|    |                               | Index No.   | Yield %      |             |               |               |             |              |              |                    |       |
| 15 | 20-yr. Red. Deb. & Loans (15) | 57.24       | 12.95        | 57.28       | 57.30         | 57.34         | 57.38       | 57.22        | 57.21        | 57.23              | 58.14 |
| 16 | Investment Trust Pref. (15)   | 51.66       | 15.42        | 51.66       | 51.66         | 51.61         | 51.61       | 51.60        | 51.30        | 51.60              | 51.22 |
| 17 | Com. and Ind. Pref. (20)      | 50.56       | 15.00        | 50.56       | 50.56         | 50.55         | 50.55       | 50.55        | 50.55        | 50.55              | 50.55 |

|    |                        |       |       |       |       |       |       |       |       |       |       |       |
|----|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 17 | Wheat and Wheat Flours | 50.17 | 70.19 | 13.00 | 70.19 | 70.22 | 70.00 | 70.04 | 70.28 | 70.16 | 70.12 | 68.97 |
|----|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

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1. *Chlorophyll a* (Chl *a*)



[illegible]







[illegible]





Thursday August 10 1978

**SHEFFIELD CITY OF OPPORTUNITIES**  
0742 734068

## SEARCH FOR OFFSHORE OIL

## China seeks risk capital

BY DAVID HOUSEGO

BRITISH PETROLEUM and Exxon have been told by the Chinese authorities that foreign risk capital will be welcomed in offshore oil explorations.

The new policy means that companies will bear the cost of offshore exploration though this could later be set against the returns from successful finds. There would be no compensation in the event of failure.

Such a pattern, which still has to be worked out in detail here, is comparable to that operated by many producer countries seeking to encourage oil exploration. But it marks a major departure for China.

Oil companies have been seeking clarification in the light of recent statements from Chinese leaders, including Mr. Li Chang, the Minister of Foreign Trade, that under no circumstances will China consider joint ventures. Chinese officials have now made it clear that the government intends to finance development but

is willing to see foreign companies take the risk on exploration.

British Petroleum is represented on the present delegation to China of British industrialists led by Mr. Edmund Dell, Secretary for Trade. Exxon also has a mission in Peking.

Other American and Japanese companies have been negotiating with the Chinese over offshore exploration. These discussions reflect the emphasis that China is now placing on offshore oil as the country's biggest potential earner of foreign exchange.

In line with reserving as much oil for export as possible, the Chinese authorities have told the British delegation that all their future power stations will be coal-fired. At the same time they are pressing ahead with a rapid expansion of coal output both to prevent energy shortages remaining a bottleneck in their industrialised Asian drive and for

exports. As part of this programme Powell Duffryn and the National Coal Board have been asked to do the design work for two new mines. Dowry Mining also has a mission here which is hoping to conclude a contract for about 25 sets of mining equipment worth an estimated £100m.

China is looking for a three to four-fold increase in its oil production from last year's level of 1.8m barrels a day. Offshore deposits are said to exist in the Bohai Gulf (where Japanese companies are to drill), Huapeli Bay, the Taiwan Straits and the Perekai Islands whose ownership is disputed. The continental shelf off China's coast is generally considered a promising area of exploration.

A puzzling feature of this planned expansion is that the growth of oil production has been slowing down. One explanation put forward by foreign observers here is that the Chinese are

attempting to restrict domestic consumption. Another is that at Tachang, the onshore field that produces about a third of China's output, difficulties have been encountered in secondary recovery methods through water injection.

Mr. Dell said at a Press conference here tonight that offshore equipment was one of the areas in which the Chinese were showing much interest in British technology. He emphasised that many countries were now competing for contracts in China and that British industry should make a speedy response.

In the aerospace industry, he said, the Chinese were interested in the HS 145, a short-haul four-engine jet with seating capacity for 70 to 80. He said that tomorrow he would be visiting Shian in central China where the Rolls Royce Spey engine is being made under licence. Rolls Royce anticipates further orders from China.

PEKING, August 9.

## Pension funds seek Allied meeting

BY CHRISTINE MOIR

THE National Association of Pension Funds is expected to set up a case committee in the next two days to formalise the funds' growing concern over the Allied Brewster bid for J. Lyons and Co.

Mr. George Dennis, chairman of the investment protection committee of the National Association of Pension Funds, said yesterday: "There is tremendous concern from our members both in terms of the industrial logic of this bid and because it does not appear that shareholders of Allied are to be consulted."

"Some of our members want to press for a special meeting of Allied."

Mr. Dennis said that the investment protection committee had received so many expressions of concern from pension fund managers that it was now taking soundings as to whether members wanted a special case committee to be established.

Industrial logic

The first thing such a committee would do would be to seek a meeting with Mr. Smith, chairman of Allied, to see if he "can reassure members" over the industrial logic of the bid.

Falling that, Mr. Dennis said, the next stage would be to see if sufficient members were prepared to requisition a special meeting of the company.

A special meeting must be held if shareholders representing more than 10 per cent of the votes ask for it. Between them the pension funds hold considerably more than this percentage of Allied's equity.

A spokesman for Allied said that the company had not been approached by any shareholders seeking reassurance over the bid.

He confirmed that the company did not intend to call a shareholders' meeting because the terms and nature of the bid did not necessitate a special meeting.

Allied has sufficient unauthorised capital to make the offer for Lyons without seeking shareholders' approval for further capital.

It also believes that a merger with Lyons represents only an extension to its existing business and not a material change of direction.

Finally, implementation of the bid would increase Allied's equity by only 14 per cent.

## THE LEX COLUMN

## Recovery to come at Carrington

The stock market quickly shrugged off the disappointing banking figures and both equities and long dated gilts moved ahead firmly, yesterday. However although three month interbank rates have fallen by around 2 of a per cent since the release of special deposits last month, few are expecting an imminent cut in MLR.

## Carrington Viyella

Carrington Viyella's 36 per cent decline in first half pre-tax profits must have left a few analysts with red faces yesterday. The pre-tax figure of £4.8m is well below the lower range of most forecasts. But the message from Carrington is that all is not as bad as it may seem. First of all, these results are being compared with a period of good recovery during which trading profits rose by more than 50 per cent.

In addition, the group reports definite signs that increased levels of consumer spending are now beginning to show through in orders for products like shirts, outerwear and sheets. The recovery is most pronounced in lines closer to Carrington Viyella's retail customers (Marks and Spencer accounts for some 15 per cent of total sales) and is just about becoming traceable at the heavier end, in carpets.

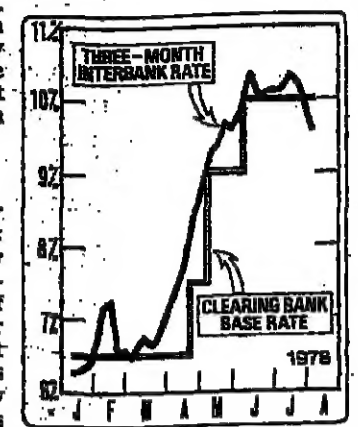
The first half figures reflect flat trading levels across the board, and the overall volume of sales is probably down 3 to 4 per cent on last year. But the improving trading picture is enough for Carrington to suggest that second half sales should contribute better profits than the £2m recorded last year. This indicates that the full-year figure could be about £16m, and the same as last year.

But thanks to Carrington's £10m share placing in April last year prospective earnings per share on a low tax charge would be down from 8p to 7p. Still, the shares look firmly placed at 38p on a prospective yield of about 9.1 per cent.

## Smith Bros.

Despite a decline in profit in the second half, the market was pleased with the £1.1m pre-tax reported by Smith Bros., the membership trade foreign jobber. The final result was 40 per cent up on the previous year and the share price rose

Index rose 9.2 to 516.2



4p to 66p for a p/e of 10 and a yield of 11 per cent.

Behind the recovery lies a remarkable shift in the source of Smith's earnings. The management does not break these down, but it is a fair guess that the business of jobbing in British equities contributed little, if anything, to Smith's pre-tax figure last year.

The redeeming factor has been the steady expansion of Smith's dealing in international securities — particularly gold-mining shares. Over the last two years Smith has developed direct links with dealers in other financial centres—New York, Paris, Johannesburg—and this expanding network of "correspondents" already accounts for the lion's share of Smith's transactions in foreign shares.

Smith's decision last year to devalue the greater part of its gold-share dealings in dollars was another step to preserve its position in this international market. The management made it clear that overseas trading is now the basis of Smith's business, while profit at home is treated as a windfall.

Smith's experience is additional evidence that a competitive market in British shares now exists mainly thanks to subsidies from other activities, be they trading in gilts or overseas shares. The Stock Exchange's apparent willingness to relax rules under which its membership trade foreign shares should provide extra financial support for London's unique way of trading.

## General Accident

Bad weather hit General Accident's underwriting results for six at the beginning of the year, but it has recovered very strongly in the second quarter. An underwriting profit of £2.3m in the latest three months cuts the half year deficit to £3.6m, and suggests that the group is on course for an underwriting breakeven in 1978 compared with last year's loss of £6.3m. In that case, its pre-tax profits could rise from £70.2m to £90m, or even a shade more.

Both the UK and the US contributed to the underwriting profit in the latest period. The trend may have been flattened slightly by the group's cautious treatment of storm damage in its first quarter figures. But motor business in the UK, which was looking a little worrying last year, is now back in profit and the performance of this line in the U.S. continues to improve. Like Commercial Union earlier in the week, the group concedes that profitability in the U.S. may be nearing a peak. But on current form there is no need to worry about the overall outlook for 1979.

Profits this year will probably not be high enough for General Accident to lift its dividend by any worthwhile amount, in excess of the general 10 per cent limit. So after yesterday's 8p rise to 240p, the prospective yield is a well covered 5.7 per cent, while the p/e could be about 8.

## Merchant banks

The merchant banks are victims of a vicious circle. In its latest evidence to the Wilson Committee, the Accepting Houses Committee argue that its members' profitability has declined substantially in real terms, and that between 1973 and 1978 retained earnings were insufficient to maintain the real value of the banks' free capital.

The committee reckons that its members' capacity to take on new business between 1973 and 1978 was reduced by £21bn. Given that the total advances of the accepting houses are no more than £2.9bn currently, they have obviously suffered. But their case would carry much more weight if they made a stab at producing inflation adjusted accounts.

## City plans guide to curb insider dealings

By Margaret Reid

THE CITY'S recently-formed watchdog body, the Council for the Securities Industry, is expected this autumn to issue guidance on curbing insider dealings.

The move, the Council's first public action, is likely to ban share deals by company directors and City advisers — such as merchant bankers — who have confidential information which could affect share prices. But it will not seek to lay down rules for other people who—as happens—often hear inside information and then carry out share transactions.

Insider trading is the use of confidential information by people in the know, such as directors and professional advisers, to make personal profits on share deals.

The Government recently published a draft Bill in outline dealing with information so sensitive (likely "materially to affect the price" of the shares).

Under the Government's plan, tips which have knowingly received price sensitive confidential information would be prohibited from dealing.

However, the date has been set for the Bill to come before Parliament, all less to become law. Meanwhile, public comment is being invited on the proposals.

The Stock Exchange last year issued a model code which would ban share deals by directors and employees with price-sensitive information and also put an embargo on any dealing in the shares by such people two months before yearly and half-yearly profit statements were due.

This is intended to be used as the model for house codes which will be required in a few months' time in all quoted companies.

The guidance on insider dealing expected to be promulgated by the council is being seen as a holding action providing some non-statutory rules applying throughout the City community and to directors of listed companies.

The council will study proposals for a legal ban and give its comment to the Government.

Work on the planned guidance is being carried out by a sub-committee set up at the council's first meeting on May 19 and chaired by Sir Alexander Johnston, former chairman of the Board of Inland Revenue who is deputy chairman of the council and the City Take-over Panel.

## Israeli Cabinet to meet on summit stance today

BY DAVID LENNON

ISRAELI today began a reassessment of its negotiating policy in preparation for the tripartite Middle East summit meeting at Camp David with the Presidents of Egypt and the U.S.

A senior American official was reporting this evening to Israel on the Egypt-U.S. meeting in Alexandria at which President Anwar Sadat of Egypt agreed to participate in the summit called by President Carter in an effort to rescue the floundering Middle East peace negotiations.

The Israeli Cabinet will meet tomorrow morning in special session to begin planning Israel's position at next month's crucial meeting which could determine the future of the Middle East.

Surprised by President Sadat's swift agreement to the summit, Mr. Menachem Begin, Israel's Prime Minister, has ended the holiday which he started on Tuesday.

This evening, he headed an Israeli Ministerial team which heard the report of Mr. William Quandt, the U.S. National Security Council, on the meeting between Mr. Cyrus Vance, U.S.

Secretary of State, and President Sadat, in Alexandria.

Even though Israel refused to make any new concessions during the talks with Mr. Vance in Jerusalem on Sunday, the Government is aware that it will have to present some new ideas at Camp David if it is to avoid being blamed if the talks fail to produce progress towards the peace settlement.

The coming weeks will see intensive American activity to prepare the ground for successful talks in Washington. Israel is aware that the prestige of the U.S. President hangs on the successful outcome of the meeting.

Officials today praised the role of the U.S. in getting the negotiations re-started, despite President Sadat's earlier refusal to meet unless Israel agreed in advance to quit the occupied territories.

At the same time, it was stressed that the two main parties to the talks were Egypt and Israel and that, if possible, problems should be solved between them without outside help. This was a clear indication of Israel's

concern that the U.S. may put forward its own peace plan and try to impose it on the parties.

No agenda has yet been set for the summit, and Israel is concerned that the U.S. may try to return to the idea of a declaration of principles for a Middle East peace agreement. In the past, this has contained the concept of eventual total Israeli withdrawal from the West Bank, something which the Government is not prepared to do.

Israel is likely to prepare its own position on a declaration of principles and possible alternatives to U.S. proposals which may be made. This reflects serious uneasiness with which Israel views the possibility that President Sadat will try to place the blame for any breakdown on Israeli intransigence.

The Government believes that Israel can still find a formula which will enable it to appear flexible on the issue of the West Bank, without actually committing itself to withdrawal from the occupied territory.

## Central borrowings likely to be near Budget forecast

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

CENTRAL Government spending and revenue figures for the first four months of the financial year suggest that borrowing is likely to be much nearer the level forecast in the budget than in the past two years.

This confirms the general City view that there will be no repetition of the events of 1977-78 when it became apparent by the autumn that a large headroom existed below the Government's borrowing ceiling, allowing further tax cuts.

At present it looks as though any margin will be much smaller in 1978-79 and anyway not apparent till rather later.

The Treasury announced yesterday that the central Government borrowing requirement between April and July amounted to £2.51bn, compared with £1.52bn in the same period last year.

This represents a rise of 64.3 per cent, compared with an increase of 78.7 per cent to £2.94bn forecast for the full 12 months in the budget.

In July, the central Government repaid an estimated £81m, compared with a repayment of £213m in the same month last year. July is traditionally a month of heavy tax payments though comparison with a year ago is affected by changes in the borrowing pattern.

Consolidated fund revenue for the first four months of the financial year was 91 per cent higher than a year ago, compared with a rise of around 104 per cent forecast for the full year in the Budget.

This is because of the difference in the timing of implementing the tax cuts and rebates which have come earlier in this year than in 1977. The figures should come more into line in the autumn.

Consolidated fund expenditure so far in 1978-79 is 181 per cent higher than a year ago, compared with the rise of 18.8 per cent forecast for the full year in the Budget.

Spending on the main programmes is, however, in line with forecasts and the difference is explained by higher outlays on the services of the national debt. This in turn is partly accounted for by alterations in timing.

There have been changes in the pattern of borrowing by nationalised industries and local authorities. This makes it difficult to estimate what is happening to the borrowing requirement of the public sector as a whole, which differs from that of central government by also including loans from the market.

Nationalised industries, for example, have borrowed a net £272m more than a year ago in spite of substantial repayments by the British Gas Corporation, reflecting its large profits.

This may be partly because nationalised industries have been financing their early repayments to the market of overseas loans by borrowing from central government.

In contrast, borrowing by local authorities over the first four months fell by £810m. It is not yet clear how far this represents a switch from central government to borrowing from the money market on interest rate grounds or indicates a new reduction in their overall level of debt. This is crucial for estimates of public sector borrowing.

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Continued from Page 1

## Dollar

estimated Government borrowing this year.

In contrast, the dollar was somewhat steadier in Tokyo against the Japanese yen and closed at ¥187.27 on the previous day, after a low of ¥186.40.

Dealers reported comparatively little intervention by central banks in any of the major markets, though there could have been some smoothing operations towards the close.

Sterling was noticeably firmer yesterday, not only against the dollar but also compared with the stronger European currencies such as the D-mark. The result was that the trade-weighted index rose by 0.3 to 62.4.

The pound closed 11 cents higher against the dollar at \$1.9490 after a peak of \$1.9535. This was touched after lunch when there was apparently heavy demand from the Continent.

The authorities in London appear to be mainly concerned with ensuring that the trade-weighted index stays at roughly around its current level for the time being. This index has risen by much less than the rate against the dollar in recent weeks.

## Clyde dockyard men suspended

BY PHILIP BASSETT, LABOUR STAFF

NAVAL BASES on the Clyde came to a standstill yesterday after some 200 dockyard workers were suspended without pay for refusing to work on the Polaris submarine HMS Resolution, which has been blacked in support of a national pay claim by 183,000 industrial civil servants.

Talks to try to settle the pay dispute, which falls under the Government's Phase Three guidelines, will be held in London today. Union leaders will meet Lord Port, Lord Privy Seal, and other senior Ministers, to discuss the Government's 10 per cent offer.

Shop stewards at the Clyde-side bases said last night that Navy personnel had started work to prepare the Resolution for sea. The 2,500 workers at the bases had all stayed to finish their shifts after the 200 crane drivers and stores staff were suspended, though all work at the bases had been blacked.

The dockyard workers will turn up at the three bases of Faslane, Coulport and Arrochar today and will be asked to work on the Resolution. They are expected to refuse.

They will then be suspended without pay again, and the rest of the workforce will down tools and sit in at the base until their

shifts end. Shop stewards do not expect the workforce to be locked out.

It was originally given an ultimatum for work to start on the Resolution by 5 pm on Tuesday by Mr. Neil MacEacharn, Commodore of the base, though this was later deferred until midday yesterday.

At a meeting yesterday morning, the shop stewards decided unanimously to recommend that the blacking should stay in force, and mass meetings unanimously backed the decision.

Mr. MacEacharn then told shop stewards that if normal working piece of work. They would be asked again on a daily basis, and their jobs would not be affected immediately.

Workers at the nearby fuel depot of Old Kilpatrick have promised support for the dockyard workers. No fuel normally used for yard boats and for some yard machinery will be delivered.

Dockyard workers at Rosyth, where two other Polaris submarines, the Renown and the Repulse, are also being blacked, have had no similar orders, but are likely to support the Clyde workers. Some union officials feel that a similar position could build up there.

Two weeks ago, Mr. Fred Mulley, Defence Secretary, closed the Clyde bases and ordered the Navy in to prepare for sea the fourth blacked Polaris submarine, HMS Revenge, to relieve the Resolution.

Yesterday, Portsmouth dockyard workers blacked the frigate HMS Falkmouth in support of the claim. Navy men broke the workers' overtime ban to slip the ship's moorings at the weekend to release it for traditional guardship duties at the Cowes regatta.

The Falkmouth now needs minor but urgent repairs, and because the dockyard workers are refusing to work on the ship if it returns to Portsmouth, it will go instead to civilian docks at Southampton.

## Weather

## UK TODAY

MOSTLY dry, sunny intervals; cloud in W. later.

London, S.E. England, E. Anglia, Cent. S. England

Showers, becoming dry sunny intervals. Max. 19C (66F).

Midlands, Channel Isles, S.W. Cent. N. England

Cloudy, sunny intervals. Max. 18C (66F).

E. N.E. England, Borders, Edinburgh, Dundee, Aberdeen

Dry sunny intervals. Max. 16C (61F).

Wales, N.W. England, Lakes, L. of Man S.W. Scotland, Glasgow, S. of Man, Highlands

Sunny intervals, cloudier later. Max. 19C (66F).

N.E. Scotland, Orkney, Shetland

Cloudy, sunny intervals. Max. 16C (59F).

Argyll, N.W. Scotland

Sunny intervals, perhaps rain later. Max. 18C (61F).

N. Ireland

Sunny intervals, perhaps rain later. Max. 19C (66F).

Outlook: Rain, sunny intervals.

## BUSINESS CENTRES

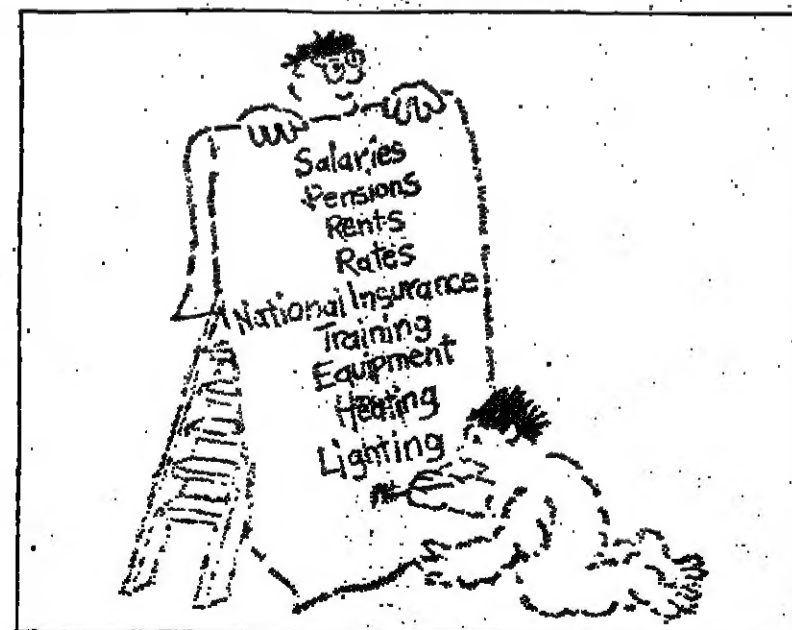
| Location      | Y'day | Today | Y'day | Today |
|---------------|-------|-------|-------|-------|
| Amsterdam     | F 19  | 19    | 19    | 19    |
| Antwerp       | F 21  | 21    | 21    | 21    |
| Bombay        | F 21  | 21    | 21    | 21    |
| Calcutta      | F 21  | 21    | 21    | 21    |
| Cardiff       | F 21  | 21    | 21    | 21    |
| Cebu          | F 21  | 21    | 21    | 21    |
| Hong Kong     | F 21  | 21    | 21    | 21    |
| London        | F 21  | 21    | 21    | 21    |
| Lyons         | F 21  | 21    | 21    | 21    |
| Manila        | F 21  | 21    | 21    | 21    |
| Moscow        | F 21  | 21    | 21    | 21    |
| Paris         | F 21  | 21    | 21    | 21    |
| San Francisco | F 21  | 21    | 21    | 21    |
| Singapore     | F 21  | 21    | 21    | 21    |
| Tokyo         | F 21  | 21    | 21    | 21    |
| Yokohama      | F 21  | 21    | 21    | 21    |

## HOLIDAY RESORTS

| Location      | Y'day | Today | Y'day | Today |
|---------------|-------|-------|-------|-------|
| Algeria       | F 19  | 19    | 19    | 19    |
| Amman         | F 19  | 19    | 19    | 19    |
| Antwerp       | F 21  | 21    | 21    | 21    |
| Bombay        | F 21  | 21    | 21    | 21    |
| Calcutta      | F 21  | 21    | 21    | 21    |
| Cardiff       | F 21  | 21    | 21    | 21    |
| Cebu          | F 21  | 21    | 21    | 21    |
| Hong Kong     | F 21  | 21    | 21    | 21    |
| London        | F 21  | 21    | 21    | 21    |
| Lyons         | F 21  | 21    | 21    | 21    |
| Manila        | F 21  | 21    | 21    | 21    |
| Moscow        | F 21  | 21    | 21    | 21    |
| Paris         | F 21  | 21    | 21    | 21    |
| San Francisco | F 21  | 21    | 21    | 21    |
| Singapore     | F 21  | 21    | 21    | 21    |
| Tokyo         | F 21  | 21    | 21    | 21    |
| Yokohama      | F 21  | 21    | 21    | 21    |

## SHARE REGISTRATION

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